



uMlalazi Municipality

Annual Report

2008/2009

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1. MAYOR'S FOREWORD

In the past our Annual Reports, which we are obliged to produce, have served as general summaries of our achievements in the years under review. The most important documents, which any municipality produces are its Annual Reports, its Integrated Developments Plans and its Budgets.

These documents are linked in that they revolve around how we spend funds on what the community needs, how we identify service needs and how we plan. In terms of the requirements of the Local Government Municipal Finance Management Act 56 of 2003 I am enjoined to submit an Annual Report, which contains the following essential elements:

- The Financial Statements for 2008/2009
- The Auditor-General's Report on these statements
- An assessment by the Accounting Officer on any arrears and service charges
- What corrective action must be taken in response to the issues raised in the audit reports
- Recommendations by the Audit Committee
- Any other information the accountable officer wishes to raise through the Report
- Other information which may be periodically prescribed
- The Municipality's Performance Reports
- Service delivery performance details on key services provided, preferably in an historical context
- A plan for addressing infrastructure backlogs

In order to meet the requirements of complete transparency the financial report must reflect staff salaries, allowances, overtime, house and motor benefits, as well as loans. This applies also to all income and benefits received by Councillors.

At this stage all our stakeholders and residents are fully acquainted with the difficulties our region faces, the extent of unemployment, the ravages of AIDS and natural disasters, the reduction in government subsidies, and the terrain, which is most difficult to traverse for reasons of supplying water reticulation and the building of roads and causeways.

The Annual Report will cover as many aspects of uMlalazi's performance to provide a true, accurate and honest account of the goals set by its Council and will be placed in due course on uMlalazi's website in order to ensure full transparency.

Throughout the year under review I am proud to inform readers that I have been very occupied at sod-turnings for new developments that have and will be established to serve our most extensive community.

uMlalazi also continues to serve on numerous inter-departmental and inter-disciplinary committees, professional panels and in discussion groups which have, among their many aims ensuring the alignment of efforts by province, ourselves and the central government in ensuring co-operation at all levels regarding service delivery details.

We must also thank the uThungulu District Municipality for the great interest it takes in making the tasks of those services, which are shared between them and ourselves, so much more streamlined.

uMlalazi continues to play a significant role in creatively exposing our community needs to foreign audiences



and the most recent twinning with the Flemish City of Geel in Belgium is a case in point. This would most certainly not have been the case had uMlalazi not already been well-known in decision-making strategic circles in Europe for its excellent municipal management team.

This particular European Union (EU) initiative does not believe in simply throwing funds at development issues but at transferring proven skills from one context of communities to another and is part of the EU's commitment to make a significant difference to the day-to-day lives of ordinary citizens in southern Africa.

We are justifiably proud that uMlalazi has so successfully competed with other local authorities and entities to have been chosen for this multifaceted and hugely beneficial cooperative project.

My sincere thanks also to my fellow Councillors for their diligent commitment to our calling to serve the people of uMlalazi and to the many members of our staff, particularly the Municipal Manager who turns intentions into realities.



COUNCILLOR M E T MAGWAZA
MAYOR : uMLALAZI

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2. OVERVIEW OF THE uMLALAZI MUNICIPALITY

2.1 MEMBERS OF THE uMLALAZI MUNICIPAL COUNCIL

His Worship the Mayor Councillor MET Magwaza (25 March 2008 – Current)

The Speaker Councillor MS Shandu

The Chief Whip Councillor Q T Xulu

LIST OF COUNCILLORS

NAME	CONTACT NUMBER
<u>IFP</u>	
BIYELA T D WARD 1	084 2942 973
BUTHELEZI N S (<i>Exco</i>) (Deputy Mayor)	082 892 4302
BUTHELEZI C WARD 16	072 072 8040
CEBEKHULU M M WARD 7	073 3427 224
DLOLANE P G (MISS)	072 1467 787
DLUDLA M WARD 9	082 9632 041
KHUMALO K WARD 4	072 2687 466
LARKAN S B (Alderman) WARD 11	082 8777 192
MAGWAZA K B WARD 14	076 2682 433
MAGWAZA M E T (Mayor) (<i>Exco</i>)	072 110 6275
MAKHOBHA M M WARD 5	076 5400 290
MARAI S D P	083 3072 599
MBAMBO S G	082 8483 277
MNCWANGO P S	078 382 3063
MOODLEY G	083 7291 090
MZIMELA M M WARD 23	072 3105 879 079 6918 736
MZIMELA N S WARD 22	072 5847 995 079 662 8 219
NGCOBO S R (MRS)	079 888 0399



NGEMA B R L WARD 12	082 0818 792
NGEMA E N WARD 21	082 9727 528
GADLELA G N (MRS) WARD 17	072 2183 965
NGONYAMA D T	072 5106 752
NGONYAMA S F WARD 8	082 7651 924 082 3123 900
NTANZI D C WARD 13	071 596 3823
NTULI M M M WARD 3	073 857 3652
NXUMALO M C WARD 6 (Exco)	072 2911 116
POWELL J K (Exco) WARD 19	340 1998 072 1429 551
SHANDU M S (Speaker)	073 817 5806
SITHOLE B G S (MISS) WARD 26	073 1333 246
SIBIYA N V	072 744 6205
SITOLE B C	083 9731 804
TALMAGE E A (Exco) WARD 18	083 3069 034
XULU Q T (MRS) (Chief Whip)	072 1432 700
XULU V M (Exco) WARD 25	082 5423 871
ZIKALALA K B (MISS) WARD 24	073 7652 622
ZIKALALA S WARD 10	082 7214 640
ZONDI N G (MISS) WARD 2	076 6406 118
<u>FEDERAL CONGRESS</u>	
PALAVAR D K	083 5570 152 474 5473
<u>ANC</u>	
GAMEDE C (MRS)	072 4411 364
JAFFE E Z (MRS)	083 6580 323
MATTHEW E	337 1620/1158 082 450 2921 337 1879 (fax)
MBUYAZI M	082 6105 557
MTHEMBU M G	078 767 8587

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MTHETHWA V B WARD 20	078 289 1115
MZIMELA W P	082 5120 924 035 – 474 8903 (w)
NDWALANE C T (Exco)	072 317 6341 082 3154 021
NGEMA S G	072 2970 685
SIMELANE B P (MISS)	072 8497 428 079 797 9904
VILAKAZI J D (MRS) (Exco)	073 0267 780
WOOLLATT I (MRS)	083 6370 068 337 1293
YAKA P N	076 932 1917
ZULU T B	083 388 1838

2.2 COMMITTEE STRUCTURES

<u>EXECUTIVE COMMITTEE</u> His Worship the Mayor Councillor M E T Magwaza (Chairperson) The Deputy Mayor Cllr N S Buthelezi Councillor J D Vilakazi Councillor M C Nxumalo Councillor C T Ndwane Councillor J K Powell Councillor V M Xulu Councillor E A Talmage	
<u>Financial Management Committee</u> His Worship the Mayor Councillor M E T Magwaza (Chairman) The Speaker Councillor M S Shandu The Chief Whip Councillor Q T Xulu Councillor N S Buthelezi Councillor P G Dlolane Councillor J K Powell Councillor I Woollatt Councillor S Ngema	<u>Corporate Services Committee</u> Councillor J K Powell (Chairman) Councillor G Moodley Councillor D P Marais Councillor B R L Ngema Councillor S G Mbambo Councillor G N Gadlela Councillor C Ndwane Councillor Z Jaffe



<u>Engineering Services Committee</u> Deputy Mayor Councillor N S Buthelezi (Chairperson) Alderman S B Larkan Councillor D T Ngonyama Councillor K Khumalo Councillor M M Makhoba Councillor E N Ngema Councillor V Mthethwa Councillor M Mthembu	<u>Community Services Committee</u> Councillor V M Xulu (Chairperson) The Chief Whip Councillor Q T Xulu Councillor B C Sithole Councillor M Dlodla Councillor N S Mzimela Councillor M M Cebekhulu Councillor B Simelane Councillor T Zulu
<u>Protection Services Committee</u> Councillor M C Nxumalo (Chairperson) Councillor S R Ngcobo Councillor T D Biyela Councillor K B Magwaza Councillor S Zikalala Councillor D C Ntanzu Councillor J D Vilakazi Councillor M Mathew	<u>Economic Development Committee</u> Councillor E A Talmage (Chairperson) His Worship the Mayor Councillor M E T Magwaza Councillor S F Ngonyama Councillor M M Mzimela Councillor D P Marais Councillor N V Sibiya Councillor M Mbuyazi Councillor M Gamede
<u>Standing Rules and Orders Committee</u> The Speaker Councillor M S Shandu (Chairperson) The Chief Whip Councillor Q T Xulu Councillor S G Mbambo Deputy Mayor Councillor N S Buthelezi Councillor I Woollatt	<u>Audit Committee</u> Mrs K Horsley Mr H Oosthuizen Adv M Mtshali
<u>Local Labour Forum Committee</u> The Deputy Mayor Councillor N S Buthelezi Councillor D T Ngonyama Councillor M C Nxumalo Councillor G N Gadlela Councillor P N Yaka Councillor C T Ndwalane	

In addition to the Councils Portfolio Committees the following sub-committees have been created to assist:

- The HIV/Aids Desk.
- The Sports Desk.
- Arts and Culture Desk.
- Youth Desk.
- Ward Committees for 26 wards in the municipality.

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2.3 CATEGORY OF MUNICIPALITY

Category B

2.4 AUDITORS

Auditor-General of South Africa.

2.5 REGISTERED OFFICE

uMlalazi Municipality
Hutchinson Street
Eshowe
PO Box 37
Eshowe
3815

Telephone : 035 - 473 3474
Fax : 035 - 474 4733

2.6 MUNICIPAL MANAGER

Chris Gerber

2.7 MANAGER: FINANCIAL SERVICES

Huey Geringer: Registered Municipal Accountant (AIMFO)

2.8 GENERAL OVERVIEW OF THE MUNICIPALITY

The uMlalazi Local Municipality is one of six local municipalities located within the area of the uThungulu District Municipality. The municipality is governed by the Council consisting of 52 councillors and an Executive Committee. The administrative functions are performed by the Municipal Manager and a team of managers consisting of the Deputy Municipal Manager, Manager Corporate Services, Manager Financial Services, Manager Engineering Services, Manager Community Services and the Manager Protection Services.

Eshowe, Mtunzini and Gingindlovu form the three main towns of uMlalazi Municipality. The town of Eshowe is of great historical significance in that it is the birthplace of Cetshwayo, who was king of the Zulu's during the Anglo-Zulu War of 1879. There are several traditional Zulu villages open to tourists within an easy drive of the town. The Dlinza Forest is a beautiful forest which is an ideal tourist destination. Eshowe Town is also considered as the administrative and service centre of the uMlalazi Municipality.

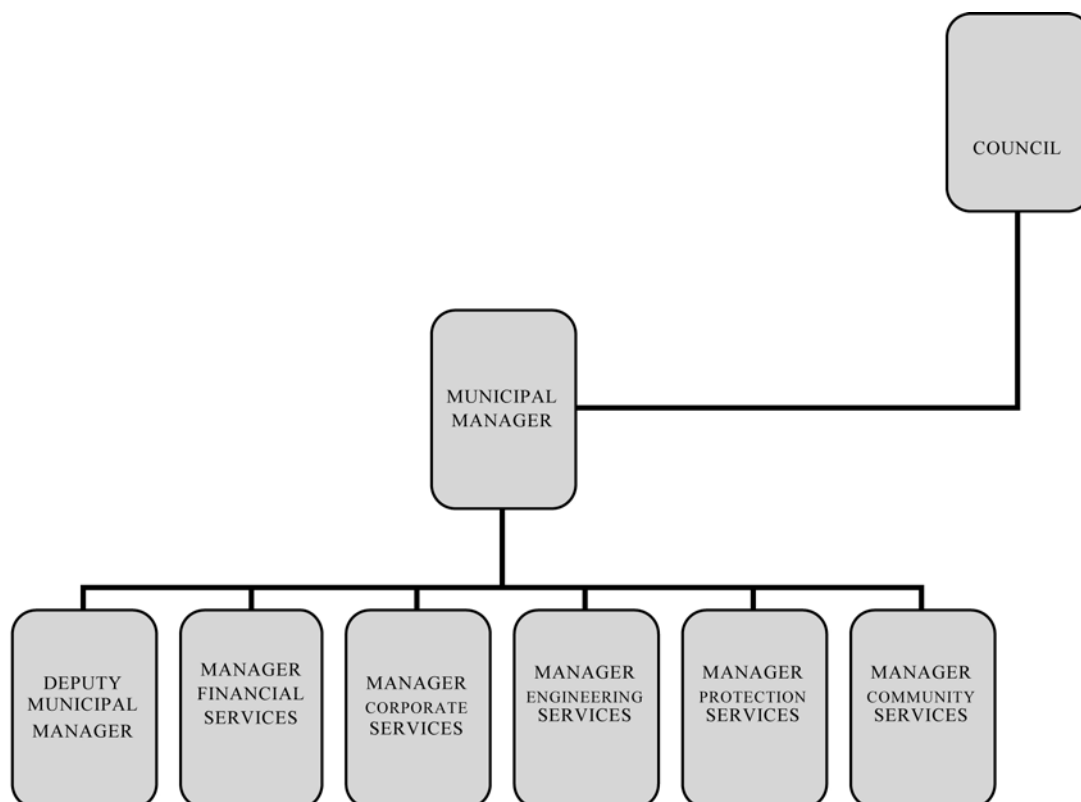
By far the largest proportion of service backlogs occur in the areas and the provision of these services require a substantial amount of funding.



2.9 ORGANISATIONAL OVERVIEW

The structure established to manage all aspects of the Municipality is summarised as follows:

- The Council Executive/Committee served by the Municipal Manager assisted by a Deputy Municipal Manager. The latter is *inter alia* responsible for Integrated Development Planning.
- Five departments, namely:
 - Engineering Services;
 - Protection Services;
 - Community Services;
 - Financial Services; and
 - Corporate Services.
- The Section 57 positions are filled for the above posts.
- There is a vacancy rate of 1.05%.



2.10 DEMOGRAPHICS

Population and Household Size

	Census 2001	Community Survey 2007
POPULATION	221,076	175,372
HOUSEHOLDS	44,634	33,966
AV. HH SIZE	4.95	5.16

2.11 HIV/AIDS SCENARIOS

In uMlalazi Municipality it was found 83 630 of the population is possibly infected with HIV/Aids. That is approximately 36% of the population.

Of the Economically Active Population (40% of people residing in uMlalazi Municipality, which is not of school-going age) only 47% is employed, meaning that the unemployment rate is extremely high, i.e. 53%.

2.12 HOUSING AND LAND REFORM RELATED ISSUES

The demand for housing is estimated to be 7 380 in the urban areas. The demand in the rural areas is estimated to be an average of 65% of the total population, representing 13 842 households which do not reside in a formal dwelling.

The primary role-players which include the Department of Human Settlement, Department of Land Affairs, the District Municipality and the Ingonyama Trust Board should establish a joint Land Reform Forum in order to prepare an integrated strategy, outlining responsibilities, with regard to the implementation of land reform in the area.

2.13 MUNICIPAL VISION AND MISSION

VISION:

“To meet the basic needs of all through socio-economic development, within a safe, healthy, sustainable and enabling environment”

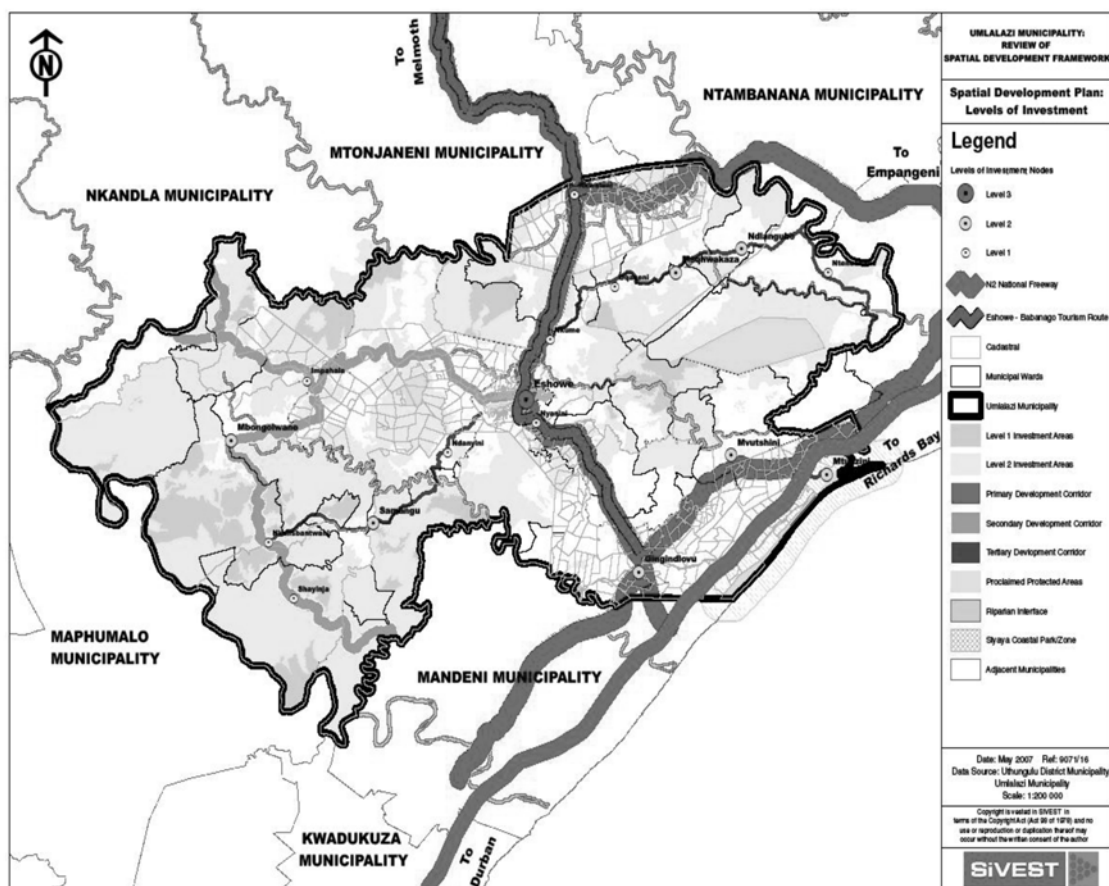
In terms of the vision there are certain elements that provide guidelines for decision-making. These elements

form the basis for any decision made by the Municipality, stakeholders, interested and affected parties and potential investors. The following elements, linked to the Vision, are evident:

- **The establishment of a sustainable community.** It is implied that one community will be able to operate within the municipal structure and will be enabled to live.
- **The protection of the natural resource base.** The vision recognizes the importance of natural resources not only for the present generation, but also for the generations to come.
- **Basic services are to be made available to all without compromising natural resources.** Services should therefore be provided without disturbing the natural environment.
- **Creation of employment opportunities.** The focus in this respect remains firmly on the agricultural potential and tourism in the area.

2.14 LOCATION

The locality is reflected on the following Locality Map: -



Eshowe is the primary development node in the area for commercial activity, with the agriculture sector being the largest contributor to employment. The rest of the area is rural and falls under the jurisdiction of the Ingonyama Trust Board.

2.15 THE POWERS AND FUNCTIONS OF THE uMLALAZI MUNICIPALITY

The powers and functions of the uMlalazi Municipality are derived from the provisions of Section 85 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998). The following table reflects a list of the powers and functions being performed by the municipality:

POWERS AND FUNCTIONS OF THE uMLALAZI MUNICIPALITY

LOCAL FUNCTION	DISTRICT FUNCTION	SHARED FUNCTION
<ul style="list-style-type: none"> • Air Pollution Control • Building Regulations Enforcement • Child-Care Facilities • Pontoons, Jetties, Ferries, Piers, Harbours • Storm Water Management (Built-Up Areas) • Trading Regulations • Beaches and Amusement Facilities • Billboards and Display of Advertisements in Public Places • Cleansing • Control of Public Nuisances • Control of Sale of Liquor to the Public • Facilities for the Accommodation, Care and Burial of Animals • Fencing and Fences • Licensing of Dogs • Local Amenities • Local Sports Facilities • Municipal Parks and Recreation • Noise Pollution • Pounds • Public Places • Street Trading • Street Lighting • Traffic and Parking • Fire Fighting Services • Local Tourism • Municipal Airport • Municipal Planning • Municipal Public Transport • Cemeteries, Funeral Parlours and Crematoria • Markets • Municipal Abattoirs • Municipal Roads • Refuse Removal, Refuse Dumps and Solid Waste 	<ul style="list-style-type: none"> • Potable Water • Sanitation 	<ul style="list-style-type: none"> • Municipal Health Services • Electricity (Eskom)



3. **STRATEGIC FOCUS AREAS, DEVELOPMENT GOALS, STRATEGIES AND OBJECTIVES**

3.1 Key Performance Area 1: Municipal Transformation and Organisational Development	
Development Goals	
<ul style="list-style-type: none"> ▪ To facilitate the process towards achieving a development-orientated municipality ▪ To build capacity among officials and councillors to lead and manage development throughout the Municipality 	
Development Strategies	Development Objectives
To develop staff and councillor skills to ensure effective service delivery	<ul style="list-style-type: none"> ▪ Continuously identify staff and councillor training needs ▪ Revision and implementation of the Workplace Skills Plan
To improve effective and efficient communication between internal staff and councillors	<ul style="list-style-type: none"> ▪ Implement Revised Communication Plan
To improve productive and accountable staff through an effective Municipal Performance Management System	<ul style="list-style-type: none"> ▪ Amend and align PMS for Municipality ▪ Implement Employee Readiness and Wellness Programme
To ensure that Organisational Structure of the Municipality is fully aligned with the Municipality's developmental mandate	<ul style="list-style-type: none"> ▪ Amend and align the Municipal Organisational Structure with the IDP
3.2 Key Performance Area 2: Basic Service Delivery	
Development Goal	
<ul style="list-style-type: none"> ▪ To facilitate the delivery of basic services, namely water and sanitation as a 1st priority ▪ To facilitate the delivery of all other required infrastructure and services, such as water, sanitation, electricity, access roads, telephones, postal services, clinics, schools, community halls, sport fields and facilities, pension payout points, police stations, housing, etc. in a sustainable manner 	
Development Strategies	Development Objectives
To ensure the provision, upgrading and maintenance of Infrastructure and Services to address Backlogs	<ul style="list-style-type: none"> ▪ To ensure that water and sanitation needs are catered for in the UDM Water and Sanitation Development Plan (WSDP) and that its roll-out is programmed accordingly (including operation and maintenance) ▪ To ensure, through liaison with ESKOM and UDM, that uMlalazi's residents receive free basic electricity, and that the UDM Energy Sector Plan as it relates to uMlalazi is implemented ▪ To ensure that all municipal infrastructure is properly maintained through the preparation and implementation of an Integrated Municipal

	<p>Services and Infrastructure Maintenance Plan</p> <ul style="list-style-type: none"> Conduct an audit on all current municipal roads and accordingly prepare and implement a Municipal Roads Programme. Prepare and implement a Municipal Pound Plan
To ensure the provision of sustainable, affordable and suitably-located housing development	<ul style="list-style-type: none"> Implement the uMlalazi Housing Sector Plan in conjunction with the Department of Housing [subject to subsidy allocation (funding) from DOH to achieve this]
To ensure co-ordinated service delivery from all service providers	<ul style="list-style-type: none"> To prepare and implement an Infrastructure and Services Provision Communication Strategy which details the roles and responsibilities of all service providers in the municipality, as well as assist with the co-ordination of such service delivery
To ensure the provision of sustainable community facilities	<ul style="list-style-type: none"> Prepare and Implement a Municipal Community Facilities Plan (inclusive of an audit on all facilities, particularly pension payout points, and an Implementation Plan) Prepare and Implement a Cemetery Sector Plan Constant liaison with the Department of Health to ensure to ensure an acceptable level of primary health care in the Municipal Area Prepare and Implement, in conjunction with UDM, a Municipal Integrated Waste Management Plan
3.3 Key Performance Area 3: Local Economic Development	
Development Goal	
<ul style="list-style-type: none"> To promote socio-economic development and provide support to assist communities throughout the Municipality to cope with the combined impact of poverty and HIV/AIDS; and To strengthen the local economy with particular emphasis on tourism, agriculture, commercial and light industrial development. To ensure that an enabling environment for development in the Municipality is created; To ensure the sustainable use of land and the natural environment 	
Development Strategies	Development Objectives
To ensure the appropriate and effective use of land through spatial planning initiatives and the implementation of the outcomes thereof	<ul style="list-style-type: none"> Finalise and implement 1st Phase of LUMS (towns of Eshowe, Mtunzini and Gingindlovu) Prepare and implement 2nd Phase of LUMS focusing on all areas of the Municipality outside of the formal town areas of Eshowe, Gingindlovu and Mtunzini Ongoing liaison with UDM and Coastal Management Working Group Facilitate the process to have Mbongolwane Wetland declared as a protected area



	<ul style="list-style-type: none"> Investigate wetland Area in Ward 5 and facilitate the process to have the Wetland declared as a protected area Investigate the Status of District Management Areas in the Municipality
Ensure the sustainability and protection of the Municipality's Natural Resources	<ul style="list-style-type: none"> Revise and Implement the Municipal Integrated Environmental Program Expand and implement Weed eradication programme into Rural Areas
To minimize the effect of natural and other disasters on communities	<ul style="list-style-type: none"> Revise and implement the uMlalazi Municipal Disaster Management Plan
To cater for the economic and social development needs of youth, women, the disabled and the aged members of communities	<ul style="list-style-type: none"> Ensure that the municipal Procurement Policy is gender and disabled sensitive Ensure that Municipal Employment Equity Plan is gender and disabled sensitive
To facilitate economic growth and development within the municipal area	<ul style="list-style-type: none"> Review and Implement uMlalazi's Local Economic Development (LED) Plan In conjunction with Dept of Agriculture, from whom funding should be sourced, prepare and implement Municipal Agricultural Development Plan Prepare Nodal Framework Plans for all Nodes, as identified in the revised SDF Investigate the Feasibility of establishing service and light industry at Gingindlovu Facilitate the establishment of the IDP Business Forum
To market uMlalazi Municipal area to attract investment	<ul style="list-style-type: none"> Prepare and implement a Municipal Marketing Strategy
To promote uMlalazi as a tourism destination	<ul style="list-style-type: none"> Implement a Municipal Tourism Plan Investigate the feasibility of Cross Border Tourism Initiatives – particularly along the coastal strip and the Tugela River
To promote SMME development in the Municipality	<ul style="list-style-type: none"> Encourage SMME development at the Bus Rank Node in Eshowe Support the establishment of sustainable SMME development through establishing advisory centres, training and exposure to funding sources
3.4 Key Performance Area 4: Municipal Financial Viability and Management	
Development Goal	
<ul style="list-style-type: none"> To ensure sound Financial Management that will ensure alignment with the Municipality's IDP, in order to ensure efficient, effective and sustainable development 	
Development Strategies	Development Objectives
Ensure that financial resources are efficiently and effectively allocated	<ul style="list-style-type: none"> Revise and implement Financial Plan Ensure that the Budget (capital and operational)

	<p>is aligned to the IDP (link to the preparation of Financial Plan, the Service Delivery Budget Implementation Plan (SDBIP) and the Integrated Capital Investment Plan)</p> <ul style="list-style-type: none"> ▪ Review Integrated Capital Investment Plan (i.t.o. Capital Investment Policy)
3.5 Key Performance Area 5: Good Governance and Public Participation	
Development Goal	
<ul style="list-style-type: none"> ▪ To ensure that the developmental mandate of the municipality is understood by all the municipality's residents, role players and stakeholders; and ▪ To ensure that the Municipality, as an organization, operates effectively and efficiently in a transparent manner 	
Development Strategies	Development Objectives
To facilitate community development and involvement in all aspects of local governance	<ul style="list-style-type: none"> ▪ Involve Ward Committees and Community Development Workers (CDWs) in the IDP processes ▪ Conduct IDP Road Shows
To promote active participation of all political role players	<ul style="list-style-type: none"> ▪ Introduce Joint Bi-annual meetings between Council and the Amakhosi in the Municipal Area to discuss issues of mutual interest ▪ Prepare and implement a Re-imbursive Policy for transport and related expenses
To promote community health and safety	<ul style="list-style-type: none"> ▪ Establish Community Safety Forum ▪ Prepare and implement a Safety Plan for the Municipal Area

3.6 ALIGNMENT WITH KZN PGDS

PGDS			uMLALAZI'S DEVELOPMENT STRATEGIES
PGDS GOALS	Build a People Focused and Effective, Efficient Government	Programme 1: Good Governance	<ul style="list-style-type: none"> ○ To facilitate community development and involvement in all aspects of local governance ○ To promote active participation of all political role players
		Programme 2: Transformation	<ul style="list-style-type: none"> ○ To develop staff and councillor skills to ensure effective service delivery ○ To improve effective and efficient communication between internal staff and councillors ○ To improve productive and accountable staff through an effective Municipal Performance Management System



PGDS			uMLALAZI'S DEVELOPMENT STRATEGIES
	Build the Economy	Programme 3: Competitive Investment	<ul style="list-style-type: none"> ○ To facilitate economic growth and development within the municipal area ○ To market uMlalazi Municipal area to attract investment
		Programme 4: Local Economic Development	<ul style="list-style-type: none"> ○ To facilitate economic growth and development within the municipal area ○ To market uMlalazi Municipal area to attract investment ○ To promote uMlalazi as a tourism destination
	Reduce Poverty and Create Sustainable Communities	Programme 5: Sustainable Communities	<ul style="list-style-type: none"> ○ To facilitate economic growth and development within the municipal area ○ To cater for the economic and social development needs of youth, women, the disabled and the aged members of communities ○ To ensure the provision, upgrading and maintenance of Infrastructure and Services to address Backlogs
		Programme 6: Basic Income Opportunities	<ul style="list-style-type: none"> ○ To facilitate economic growth and development within the municipal area ○ To promote SMME development in the Municipality
	Cross Cutting Issues	HIV and Aids	<ul style="list-style-type: none"> ○ To reduce the impact of HIV/AIDS on communities
		BEE	<ul style="list-style-type: none"> ○ Preferential Procurement ○ To promote SMME development in the Municipality
		Environmental Management	<ul style="list-style-type: none"> ○ Ensure the sustainability and protection of the Municipality's Natural Resources ○ To ensure the appropriate and effective use of land through spatial planning initiatives and the implementation of the outcomes thereof
		Human Rights and AA	<ul style="list-style-type: none"> ○ To facilitate community development and involvement in all aspects of local governance ○ To cater for the needs of human resources within the municipality
		Integration	<ul style="list-style-type: none"> ○ Ward Committees and Development ○ To facilitate community development and involvement in all aspects of local governance

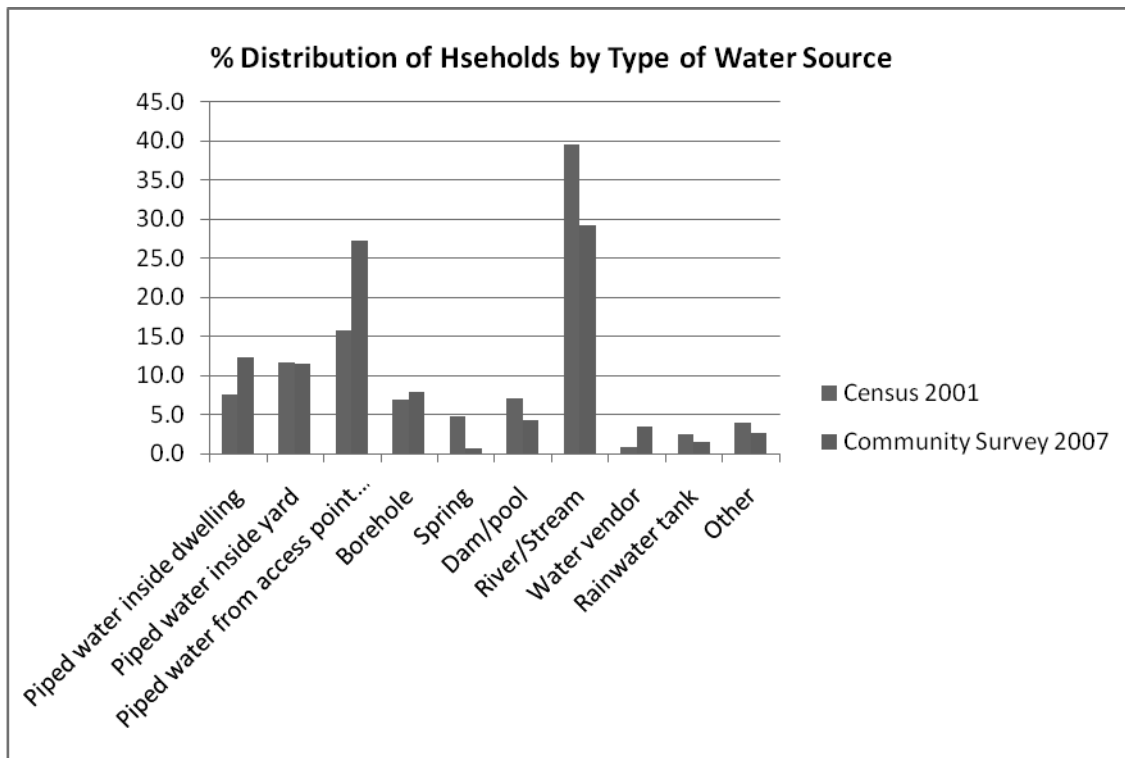
PGDS			uMLALAZI'S DEVELOPMENT STRATEGIES
		Capacity Building	<ul style="list-style-type: none"> ○ To facilitate community development and involvement in all aspects of local governance ○ To promote SMME development in the Municipality
		Science and Technology	<ul style="list-style-type: none"> ○ GIS Development

4. INFRASTRUCTURE OVERVIEW

4.1 WATER & SANITATION

Percentage Distribution of Households by Type of Water Source

WATER SOURCE	Census 2001	Community Survey 2007
Piped water inside dwelling	7.6	12.2
Piped water inside yard	11.6	11.4
Piped water from access point outside yard	15.7	27.1
Borehole	6.8	7.9
Spring	4.8	0.6
Dam/pool	7.0	4.2
River/Stream	39.4	29.1
Water vendor	0.8	3.5
Rainwater tank	2.4	1.5
Other	3.9	2.6
TOTAL	100.0	100.0



In 2001, 65% of households indicated that they had no access to piped water.

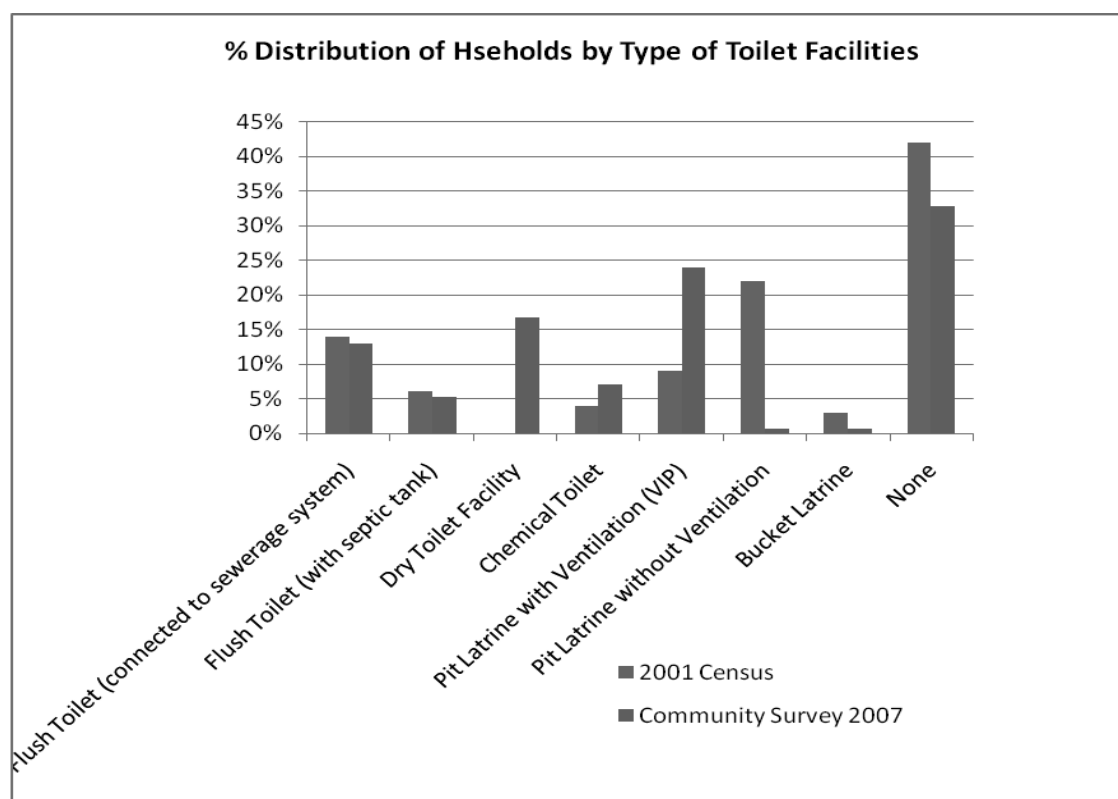
The results of the 2007 Community Survey (conducted by StatsSA) indicate that some 50.7% of households had access to piped water. There has thus been some improvement, between 2001 and 2007, with regards to the percentage of households having access to piped water, namely an increase of some 15.7%: from 35% in 2001 to 50.7% in 2007.

In 2001, 48% of households obtained their water from dam, pools, rivers or streams. In 2007, this has improved significantly with only 33.3% of households obtaining water from the same sources.

Percentage Distribution of Households by Type of Toilet Facilities

	Census 2001	Community Survey 2007
SANITATION FACILITIES	%	%
Flush Toilet (connected to sewerage system)	14%	12.9%
Flush Toilet (with septic tank)	6%	5.3%
Dry Toilet Facility		16.8%
Chemical Toilet	4%	7.1%
Pit Latrine with Ventilation (VIP)	9%	23.9%
Pit Latrine without Ventilation	22%	0.6%

	Census 2001	Community Survey 2007
SANITATION FACILITIES	%	%
Bucket Latrine	3%	0.6%
None	42%	32.9%
TOTAL	100%	100%



In 2001, only 9% of households indicated that they made use of VIPs, whilst 42% had no sanitation facilities. This situation has improved, as evident from the 2007 Community Survey, conducted by StatsSA, which indicates that 23.9% households made use of VIPs, whilst 32.9% had no sanitation facilities.

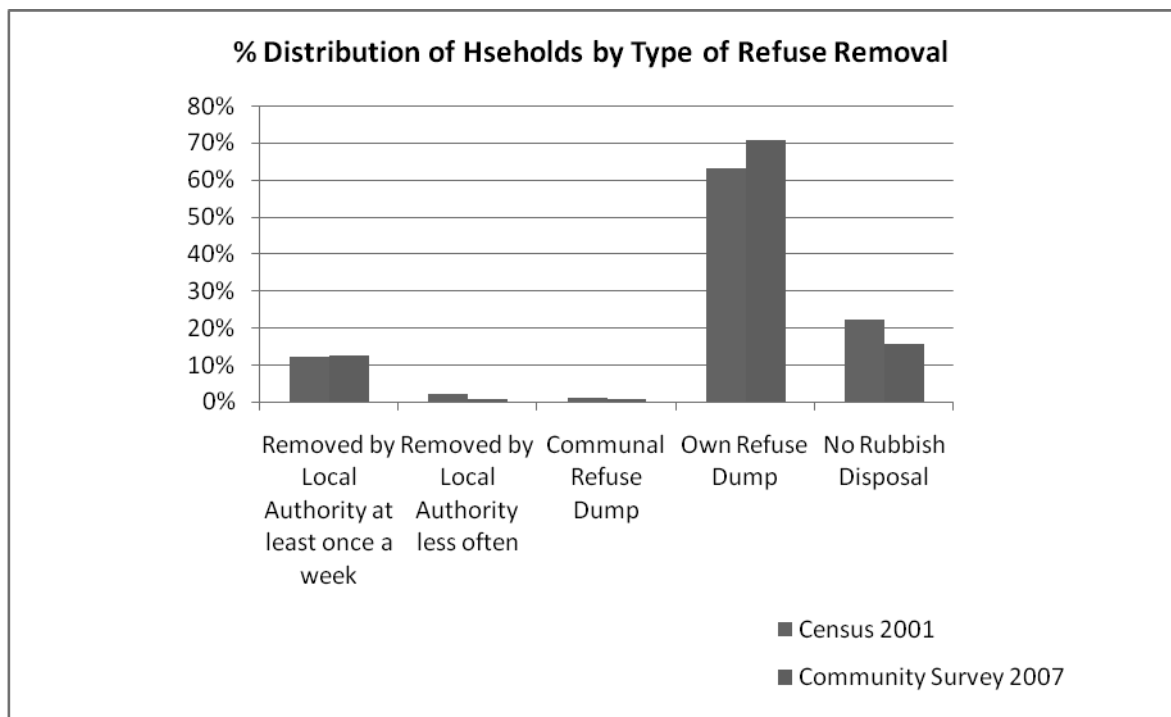
uThungulu District Municipality is the Water Services Authority and Water Services Provider, in terms of the Structures Act, schedule 84(1)(b) and the Water Services Authority Act 108 of 1997, for the uMlalazi Municipal area.



4.2 SOLID WASTE

Percentage Distribution of Households by Type of Toilet Facilities

	Census 2001	Community Survey 2007
REFUSE REMOVAL	%	%
Removed by Local Authority at least once a week	12%	12.5%
Removed by Local Authority less often	2%	0.8%
Communal Refuse Dump	1%	0.6%
Own Refuse Dump	63%	70.5%
No Rubbish Disposal	22%	15.6%
TOTAL	100%	100%



The following status quo information in respect of solid waste was extracted from the uThungulu District Municipality's Integrated Waste Management Plan (prepared by SiVEST SA (Pty) Ltd, August 2005):



Waste Quantities and Characteristics

The areas within the municipality where the wastes are generated, and which are covered by a waste collection and removal service, are:

- ❖ Eshowe Town
- ❖ Mtunzini Town
- ❖ Gingindlovu Town

Eshowe Town

In the table below, the following are indicated: the waste types produced in the municipality; the associated volumes (in m³); and which waste is stored.

<i>Waste Types Produced</i>	<i>Volumes (in m³)</i>	<i>Waste Storage</i>
<i>Business</i>	 54m ³ per day	<i>Yes</i>
<i>Industrial</i>		<i>Yes</i>
<i>Building Waste</i>		<i>No</i>
<i>Domestic</i>	 126m ³ per day	<i>No</i>
<i>Street Sweepings</i>		<i>No</i>
<i>Garden Waste</i>	<i>Unknown</i>	<i>Yes</i>
<i>Medical</i>	<i>Produced, but not collected by Municipality</i>	-
<i>Hazardous Waste</i>	<i>Not produced in the Municipality</i>	-
<i>Other: Saw Dust</i>	<i>Produced, but not collected by Municipality</i>	-



- Note:
- (1) Medical Waste is collected by Private Contractors
 - (2) Saw dust is taken to the Eshowe Landfill site by waste generators

The final waste disposal site for wastes generated within the municipality and which is covered by a waste collection and removal service, with the exception of Medical Waste, is the Eshowe Landfill Site.



Mtunzini Town

In the table below, the following are indicated: the waste types produced in the municipality; the associated volumes (in m³); and which waste is stored.



Waste Types Produced	Volumes (in tons or m³)	Waste Storage
<i>Domestic</i>	 1.7 tons per day	<i>No</i>
<i>Business</i>		<i>No</i>
<i>Industrial</i>		<i>No</i>
<i>Street Sweepings</i>		<i>No</i>
<i>Building Waste</i>	 20m ³ per day	<i>No</i>
<i>Garden Waste</i>		<i>No</i>
<i>Medical</i>	<i>Not produced in the Municipality (with the exception of doctor's rooms)</i>	-
<i>Hazardous Waste</i>	<i>Not produced in the Municipality</i>	<i>No</i>
<i>Other: Sugarcane</i>	<i>Produced via truck droppings and collected via Street Sweepings</i>	<i>No</i>

The following final waste disposal sites are used for:

Waste Type	Landfill Site
<i>Domestic, Business, Industrial and Street Sweepings Waste</i>	<i>uThungulu Regional Landfill Site at Empangeni</i>
<i>Building and Garden Waste</i>	<i>Mtunzini Landfill Site (unregistered)</i>

Gingindlovu Town

In the table below, the following are indicated: the waste types produced in the municipality; the associated volumes (in m³); and which waste is stored.

Waste Types Produced	Volumes (in tons or m³)	Waste Storage
<i>Domestic</i>	 2 tons per day	<i>Yes</i>
<i>Business</i>		<i>Yes</i>
<i>Industrial</i>		<i>Yes</i>
<i>Street Sweepings</i>		<i>Yes</i>
<i>Building Waste</i>	 30m ³ per day	<i>No</i>
<i>Garden Waste</i>		<i>Yes</i>
<i>Medical</i>	<i>Not produced in the Municipality (with the exception of doctor's rooms)</i>	-
<i>Hazardous Waste</i>	<i>Not produced in the Municipality</i>	-

The following final waste disposal sites are used for:

<i>Waste Type</i>	<i>Landfill Site</i>
<i>Domestic, Business, Industrial and Street Sweepings Waste</i>	<i>uThungulu Regional Landfill Site at Empangeni</i>
<i>Building and Garden Waste</i>	<i>Gingindlovu Landfill Site (unregistered)</i>

Waste Management, Prevention and Minimization Strategies, Systems and Practices (Municipality as a Whole)

- ❖ In Eshowe Town, Medical Waste is collected and transported to Durban by private contractors;
- ❖ Domestic (litter bins at individual households), Business and Street Sweepings (containers) at Gingindlovu Town are collected and transported to the uThungulu Regional Landfill Site by uMhlathuze Municipality who is offering a privatised service to the municipality;
- ❖ Domestic (litter bins at individual households), Business and Street Sweepings (containers) at Mtunzini Town are collected and transported to the uThungulu Regional Landfill Site by uMhlathuze Municipality who is offering a privatised service to the municipality;
- ❖ In both Eshowe and Mtunzini Towns, private recycling plants are in operation.

Waste Collection and Transportation

Currently 100% of urban households within the whole municipality are covered by a waste collection system, whilst 0% of rural households are covered.

Eshowe Town

Method of waste collection:

<i>Waste Type</i>	<i>Collection Method</i>
<i>Domestic</i>	<i>Kerb Site Collection</i>
<i>Business</i>	<i>Skips for Waste Collection</i>
<i>Industrial</i>	<i>Skips for Waste Collection</i>
<i>Garden Waste</i>	<i>Collection by Open Skip – on request only</i>
<i>Building Waste</i>	<i>By Waste Generators or Private Contractors</i>
<i>Street Sweepings</i>	<i>Kerb Site Collection</i>
<i>Medical Waste</i>	<i>Privatised</i>
<i>Hazardous Waste</i>	<i>-</i>



Frequency of municipal waste collection:

- ❖ Residential areas 1x per week
- ❖ Business areas As and when required (dependant on when containers are filled)

Waste Transportation Equipment:

Vehicle Description	Number of vehicles	Average number of crew per vehicle
<i>Compactor</i>	<i>X1</i>	<i>3</i>
<i>Tractor and Trailer</i>	<i>X1</i>	<i>3</i>

Private Waste Collection companies:

Name of Company	Type of Waste Removed	Waste Disposed at
<i>Mr MG Ndlela</i>	<i>Domestic (King Dinizulu area)</i>	<i>Eshowe Landfill</i>

Recycling Facilities:

Recycling Facility	Principal Material Recycled	Location of Recycling Facility
<i>Mr Steven Barot</i>	<ul style="list-style-type: none"> ❖ <i>Scrap metal</i> ❖ <i>Card Board</i> ❖ <i>Paper</i> 	<i>Eshowe Town</i>

Waste Treatment Facilities:

None

Mtunzini Town

Method of waste collection:

Waste Type	Collection Method
<i>Domestic</i>	<i>Kerb Site Collection</i>
<i>Business</i>	<i>Skips for Waste Collection</i>
<i>Industrial</i>	<i>Private Contractors</i>
<i>Garden Waste</i>	<i>Kerb Site Collection</i>
<i>Building Waste</i>	<i>Private Contractors</i>
<i>Street Sweepings</i>	<i>Kerb Site Collection</i>
<i>Medical Waste</i>	<i>-</i>
<i>Hazardous Waste</i>	<i>-</i>

Frequency of municipal waste collection:

- ❖ Residential areas 2x per week
- ❖ Business areas As and when required

Waste Transportation Equipment:

<i>Vehicle Description</i>	<i>Number of vehicles</i>	<i>Average number of crew per vehicle</i>
<i>Compactor (10m³)</i>	<i>X1</i>	<i>3</i>

Private Waste Collection companies:

<i>Name of Company</i>	<i>Type of Waste Removed</i>	<i>Waste Disposed at</i>
<i>Millennium Waste</i>	<ul style="list-style-type: none"> ❖ <i>Domestic</i> ❖ <i>Business</i> ❖ <i>Street Sweepings</i> 	<i>uThungulu Regional Landfill Site</i>

Recycling Facilities:

<i>Recycling Facility</i>	<i>Principal Material Recycled</i>	<i>Location of Recycling Facility</i>
<i>Local Residents</i>	<ul style="list-style-type: none"> ❖ <i>Tin Cans</i> ❖ <i>Plastic</i> ❖ <i>Paper</i> ❖ <i>Card Board</i> ❖ <i>Glass</i> 	<i>Mtunzini Town</i>

Waste Treatment Facilities:

None

Gingindlovu Town

Method of waste collection:

<i>Waste Type</i>	<i>Collection Method</i>
<i>Domestic</i>	<i>Kerb Site Collection</i>
<i>Business</i>	<i>Skips for Waste Collection</i>
<i>Industrial</i>	<i>Skips for Waste Collection</i>
<i>Garden Waste</i>	<i>Kerb Site Collection</i>
<i>Building Waste</i>	<i>Private Contractors or Collection by Waste Generators</i>
<i>Street Sweepings</i>	<i>Kerb Site Collection</i>
<i>Medical Waste</i>	<i>-</i>
<i>Hazardous Waste</i>	<i>-</i>
<i>Sugarcane</i>	<i>Street Sweeping Collection by Tractor and Trailer</i>

Frequency of municipal waste collection:

- ❖ Residential areas 2x per week
- ❖ Business areas As and When Required



Waste Transportation Equipment:

<i>Vehicle Description</i>	<i>Number of vehicles</i>	<i>Average number of crew per vehicle</i>
<i>Compactor (10m³)</i>	<i>X1</i>	<i>3</i>
<i>Low Bed Truck</i>	<i>X1</i>	<i>3</i>
<i>Tractor and Trailer</i>	<i>X1</i>	<i>3</i>

Private Waste Collection companies:

<i>Name of Company</i>	<i>Type of Waste Removed</i>	<i>Waste Disposed at</i>
<i>uMhlathuze Municipality</i>	<ul style="list-style-type: none"> ❖ <i>Domestic</i> ❖ <i>Business</i> ❖ <i>Industrial</i> ❖ <i>Garden</i> ❖ <i>Building</i> ❖ <i>Street Sweepings</i> 	<i>uThungulu Regional Landfill Site</i>

Recycling Facilities:

None

Waste Treatment Facilities:

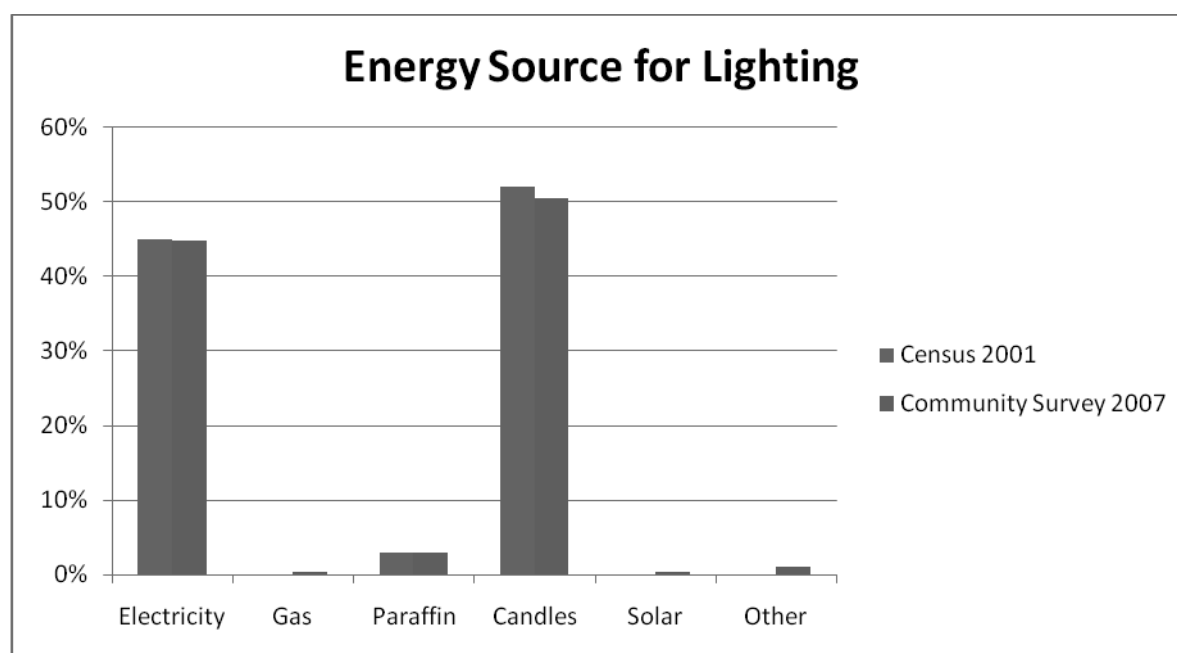
None

4.3 ELECTRICITY

Electricity is supplied in bulk by Eskom who also provide the reticulation to informal settlements. Most of the households in the traditional areas have inadequate access to electricity. The UDM has prepared an Energy Sector Plan which has identified primary areas for supply for the elimination of the electricity backlog on an incremental basis.

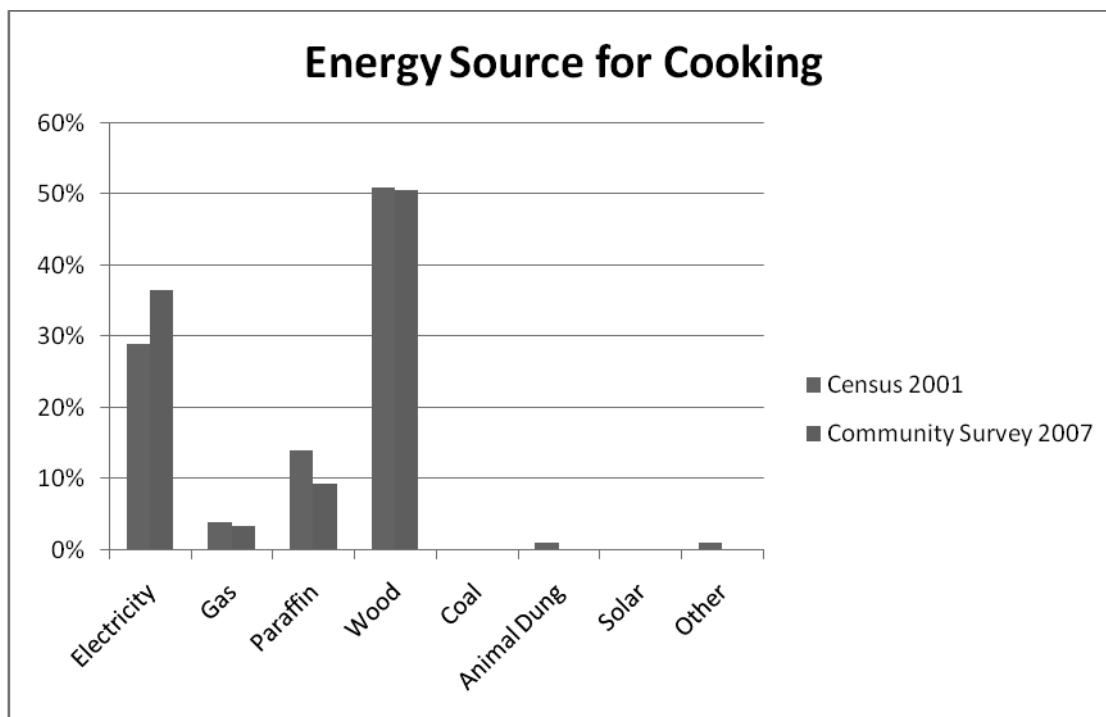
Table 1: Energy Source for Lighting

	Census 2001	Community Survey 2007
ENERGY SOURCE (2001 & 2007)	%	%
Electricity	45%	44.8%
Gas	0%	0.4%
Paraffin	3%	2.9%
Candles	52%	50.6%
Solar	0%	0.3%
Other	0%	1%
TOTAL	100%	100%



Energy Source for Cooking

	Census 2001	Community Survey 2007
ENERGY SOURCE	%	%
Electricity	29%	36.5%
Gas	4%	3.4%
Paraffin	14%	9.3%
Wood	51%	50.7%
Coal	0%	0%
Animal Dung	1%	0%
Solar	0%	0%
Other	1%	0%
TOTAL	100%	100%



The following has been extracted verbatim from the uMlalazi Municipality Housing Sector Plan prepared by Udidi Project Development Company (Pty) Ltd in association with PDNA (November 2006):

Planned Electricity Project / Scheme

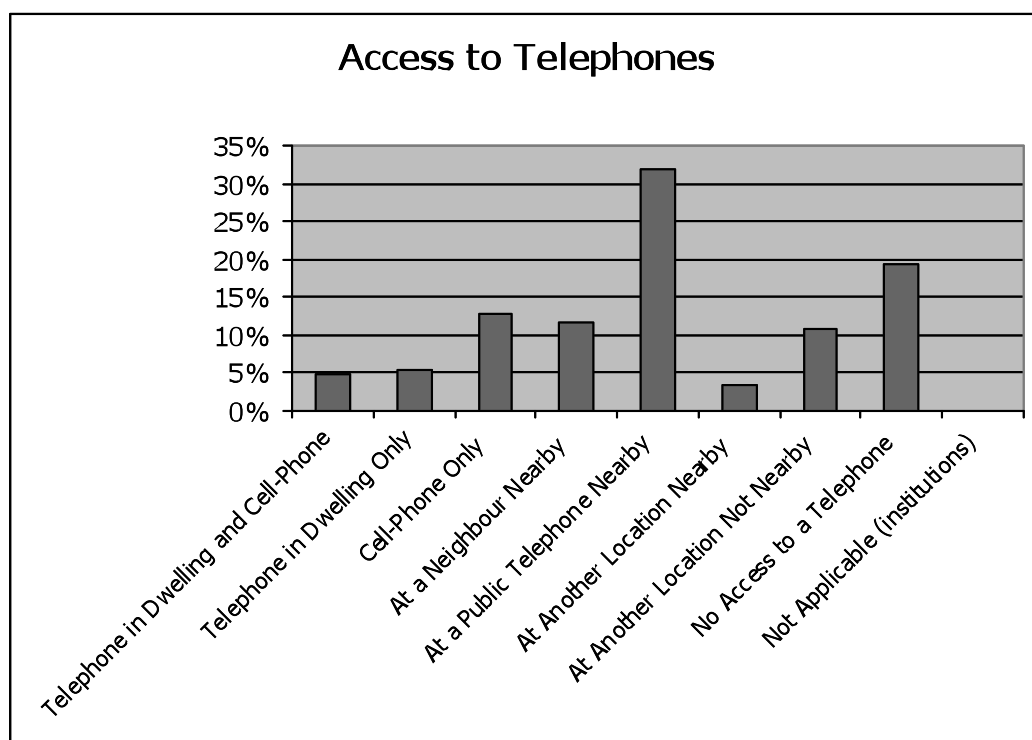
Planned Project or Scheme	Description	Consumption
1. Proposed Eshowe Hills Eco – Estate	Golf Estate to be electrified over a 5 year period	850 kva
2. Eshowe Industrial Development	Industrial Area	415 kva
3. Sunnysdale Low Cost Housing	Housing	500 kva
4. Eshowe Business Area	Increase Business capacity over the next 3 years	500 kva
5. Eshowe Hospital Supply	Planned Upgrade	500 kva
	Total	2.765 MVA

Eshowe will consume approximately 2-4 MVA (11KV) additional to the Eskom Maximum Notified Demand within the next 3 years. Presently the electrical supply to Eshowe from Eskom consists of two 7.5 MVA transformers.

The present demand together with the rural reticulation and farm lines increased to approximately 11MVA. It is therefore imperative that any future development planned for Eshowe that will place an increased demand on the electricity network must be taken into account. This will require early negotiations with Eskom for an increase in their supply to the Eshowe Local Municipality.

4.4 TELECOMMUNICATIONS

TELECOMMUNICATIONS (2001)	NO	%
Telephone in Dwelling and Cell-Phone	2199	5%
Telephone in Dwelling Only	2429	5%
Cell-Phone Only	5656	13%
At a Neighbour Nearby	5188	12%
At a Public Telephone Nearby	14214	32%
At Another Location Nearby	1466	3%
At Another Location Not Nearby	4839	11%
No Access to a Telephone	8614	19%
Not Applicable (institutions)	31	0%
TOTAL	44636	100%





4.5 ROLL-OUT OF FREE BASIC SERVICES

The roll-out of free basic services (i.e. 6kl of free water per household per month) is closely linked to the roll-out of the UDM Water Services Development Plan. In the areas of the municipality which are covered by water schemes and reticulation, free water is made available to households at 6kl per household per month. No figures are available from uThungulu District Municipality at this stage with regards to the roll-out of free basic services.

The table below reflects the free basic services paid monthly by the municipality.

<u>Free Basic Services</u>			
	Electricity	Refuse	Total
JUL	7 918.49	36 720.53	44 639.02
AUG	9 073.49	36 794.09	45 867.58
SEPT	7 945.99	36 941.21	44 887.20
OCT	9 100.99	36 983.45	46 084.44
NOV	7 881.43	35 898.82	43 780.25
DEC	8 522.89	36 152.26	44 675.15
JAN	8 144.01	36 405.70	44 549.71
FEB	9 013.07	37 566.58	46 579.65
MAR	8 789.48	37 787.26	46 572.74
APR	9 330.97	38 650.96	47 981.93
MAY	9 681.23	39 078.74	48 759.97
JUN	10 176.38	40 949.06	51 125.44
TOTAL	105 574.42	449 928.66	555 503.08

The Municipality maintains an Indigent Register and provides free basic services to such persons on the register for the towns of Eshowe and Gingindlovu, as reflected in the tables below (February 2009):

Free Basic Electricity (Municipality)

FREE BASIC ELECTRICITY Supplied by the Municipality (as at February 2009)	NUMBER OF HOUSEHOLDS
Eshowe: Free Basic Electricity	3
King Dinuzulu: Free Basic Electricity	24
Eshowe & King Dinuzulu: Pre-Paid Electricity	13500

Free Basic Refuse (Municipality)

FREE BASIC REFUSE Supplied by the Municipality (as at February 2009)	NUMBER OF HOUSEHOLDS
Gingindlovu: Free Basic Refuse	50
Eshowe: Free Basic Refuse	298
King Dinuzulu: Free Basic Refuse	243
TOTAL	591

5.1. DETAILED OPERATIONAL SERVICE DELIVERY TARGETS FOR AD HOC AND BASIC CAPITAL PROJECTS (AS EXTRACTED FROM DRAFT SDBIP)

The detailed Operational Service Delivery Targets for ad hoc and basic capital projects, as well as other activities linked to the operational functions of the Municipality, have been extracted from the draft SDBIP for the Municipality, and are set out in the tables below. This constitutes the detailed 1-year Operational Plan of the Municipality:

Detailed 1-Year Operational Plan

Department - Municipal Managers Office
Vote: Executive and Council
1. Mayoral Office
Report on implementation of budget
Performance indicators in S D B I P
Performance agreements in S D B I P
Time schedule of key deadlines for budget and IDP process
Mid year performance assessment report
Adjustments budget
Annual report
Draft budget, revisions to IDP, resolutions and other related documents
Issues raised in Auditors-General report
Consultation on draft budget
Respond to submissions of community
Service Delivery and Budget Implementation Plan
2. Municipal Manager
Monthly budget statements to Mayor and Provincial Treasury
Monthly budget statements and mid year budget and performance assessment



Department - Municipal Managers Office
Consolidated report of withdrawals
Report to Council on the expenditure incurred on staff salaries, wages, allowances and benefits
Time schedule of key deadlines for budget and IDP process
Annual financial statements to Auditor-General
IDP consultation processes
Internal Strategic Consultation processes
Engage with national and provincial sector departments on sector specific programmes for alignment with IDP
Impact of different service delivery levels on rates and tariffs
National policies, budget plans and potential price increases of bulk resources
Changes to the IDP for incorporation into IDP review
Mid year performance assessment report to Mayor, National Treasury and Provincial Treasury
Annual report
Annual report to Auditor-General, Provincial Treasury and D T & L G
National and Provincial allocations
Draft budget and plans for next 3 years to Mayor
Oversight report of annual report
Draft budget, plans and proposed revisions to IDP
Approved budget and budget related policies
Draft SDBIP and annual performance agreements to Mayor
Approved SDBIP to National Treasury
<u>Department - Corporate Services</u>
<u>1. Vote: Finance & Administration</u>
<u>1.1 Administration</u>
Compilation of Agenda & Minutes
Enquiries and complaints
Municipal Website
Skills Development Plan
Draft 2009/2010 budget
Draft S D B I P
Approved 2009/2010 budget
Performance agreements and S D B I P
<u>1.2 Town Hall & Offices</u>
Upgrade KDS Hall Parking Area
Butcher Street Offices : Wall
Upgrade Council Chambers

Department - Municipal Managers Office
<u>2. Vote: Community and Social Services</u>
King Dinuzulu Library
<u>3. Vote: Housing</u>
Housing Scheme - Sunnydale
Housing Scheme - Gingindlovu
<u>4. Vote: Planning and Development</u>
Town Planner
Draft Integrated Development Plan
Final Integrated Development Plan
Land Use Management (Urban)
Review Housing plan
Review communication plan
<u>Department - Protection Services</u>
(Manager: Protection Services)
<u>1.Vote: Finance & Admin (Protection Services)</u>
Compilation Agenda & Minutes
Enquiries and complaints
Performance Management System
Draft 2009/2010 budget
Draft S D B I P
<u>2.Vote: Public Safety</u>
2.1 Traffic
Road Safety Projects
Road Signs
Road Markings
Crime Consultative Meetings
Patrol Vehicle
2.2 Fire Fighting
Fire Inspections - Businesses
Rural Fire Prevention
Fire Fighting Equipment
Fire appliance
Fire Fighting
<u>3.Vote: Road Transport</u>
3.1 Testing Grounds
Examination of vehicles



Department - Municipal Managers Office
Motor Registrations & Licensing : Eshowe
Driver's Licences: Bookings
Passed
Learner's Licences: Bookings
Passed
Department - Financial Services
(Chief Financial Services)
<u>1. Vote: Finance & Administration</u>
<u>1.1 Budget and Management Accounts</u>
Compilation of financial statements in terms of MFMA
Time schedule of key deadlines for 2009/2010 budget
Budget Statements
Implementation of the budget
Consolidate and prepare proposed 2009/2010 budget
6 monthly budget statements
Adjustment budget for 2008/2009
Budget related policies
Draft 2008/2009 budget
Draft S D B I P for 2008/2009
Primary banking account detail to
Provincial Treasury and Auditor-General
Draft 2008/2009 budget to National Treasury (3 Copies)
Draft 2008/2009 budget to Provincial Treasury (1 Copy)
Appendix A completed and sent to PT and NT
Final 2008/2009 budget to National Treasury
S D B I P for 2008/2009
<u>1.2 Revenue</u>
Monitor the implementation of credit control and indigent policies
Monitor debt collection targets
Complaints received on inaccurate accounts
Monitor progress of valuation of properties in terms of new property rates act
<u>1.3 Expenditure</u>
Dora reports on all grants received
SCM reports in accordance with regulations, policy and procedures
Payroll is completed timeously and accurately
Payment of creditors on time in terms of Section 65 of MFMA

Department - Community Services
(Manager: Community Services)
1.Vote: Finance and Administration
Compilation of Agendas
Enquiries and complaints
Draft 2009/2010 budget
Draft S D B I P
2.Vote: Community & Social Services
Sport Development
Cultural Development
H I V Relief
Youth Development Programmes
3.Vote: Sport and Recreation
Weed eradication programme
Grass cutting programme
Work creation
Department - Technical Services
(Manager: Engineering Services)
Vote: Finance & Administration
Compilation of Agendas
Enquiries and complaints
Draft 2009/2010 budget
Draft S D B I P for 2009/2010 budget year
Vote: Planning & Development
Factory development
Building inspections conducted
Property inspections conducted
G I S information capturing
AutoCard Upgrade
AO Scanner, copier & printer
Vote: Community & Social Services
Cemeteries
Cemetery pathways
Mpushini Cemetery extension
Electronic burial register
Programme of cemetery (Ball system)



Department - Community Services
Vote: Sports & Recreation
Nkanini Sportsfield (Ward 7)
Ncekwane Sportsfield (Ward 23)
King Dinuzulu Sportsfield (Ward 12)
Vote: Refuse Removal
Refuse skips
Refuse bins
Tractor replacement
Gingindlovu/ Mtunzini Fire Station
Vote: Road Transport
Storm Water management
Heavy duty truck
Pavement management system
Radios Vehicles/ Portable
Concrete mixer
Road signs and cones
Kerb replacement
Sidewalks
Catchpits and manhole covers
Public transport facilities (Laybys & Shelters)
Trailer for generator
Pedestrian bridge in Naikerville
Main street parking area upgrading Ging
Butcher street staff parking extension
Butcher street washing bay
Road construction
Shakaland road: P248
Roads KDS Bus route
Vote: Electricity
2x Complete 3 way ring main units
Upgrade robot control system
Upgrade street lights
Pole mounted transformers
LV and HV upgrading
Upgrade sunnydale LV Network
Electrification of Sunnydale housing
Vote: Other

Department - Community Services
Workshop
Service municipal vehicles
Staff clock on/off (Esh, Mtz and Ging)
Change rooms at workshop
Other
Peace Centres
Crèches
Fire Tender
Ging/Mtz Fire station

The main sources of external funding are:

- Equitable Share
- MIG
- MSIG
- Department of Local Government and Traditional Affairs
- Department of Health
- Office of the Premier (Museum Services)
- DME
- DBSA Loan/s

Having regard to the individual capital projects (which exclude improvements to municipal buildings and purchasing on new moveable assets) and categorizing these into rural and urban capital projects, the split is (in terms of capital value) 71.4% rural and 28.6% urban. There are also a number of projects that are cross-cutting and could increase the percentage even further in favour of the rural component of the municipality. This is generally in keeping with the Municipality's Vision, the community needs analysis, and the resultant Development Strategies and Objectives of the Municipality.

Some 92% of the Municipality's draft Operational Budget for 2008/09 Financial Year was allocated to committed expenses which include:

- Salaries, wages and allowances
- Leases, and
- Payment of electricity (to ESKOM)

The remaining 8% was allocated to the repairs and maintenance of existing municipal assets.



5.2 STRATEGIES

5.2.1 REVENUE RAISING STRATEGIES

The municipality approves once per annum at the annual budget meeting, the rates tariff for the ensuing financial year in terms of the provisions of Local Government : Municipal Property Rates Act 06 of 2004.

The municipality approves once per annum at the annual budget meeting the increases in the service tariffs for the ensuing financial year in terms of the Local Government : Municipal Finance Management Act 56 of 2003.

Electricity tariffs are submitted to the National Electricity Regulator (NER) for approval prior to implementation in terms of the Electricity Act 41 of 1987.

Consumer meters are read on a monthly basis, accounts are sent out monthly, with payment dates clearly reflected thereon.

Where payment is not secured by the due date, a termination report is prepared and disconnection is effected if non-payment prevails. If payment is not secured within one month of the specified date, the consumer deposit is used to for payment and the account is handed over to the legal advisors of the municipality for collection. In some instances a tracing agent is employed on the basis of “no trace no pay”.

Assessment rates are payable on a monthly basis, but rate payers may enter into an agreement with the Council to affect payment on an annual basis. Council has determined that the final date for payment for these rates as being 30 September of the financial year and outstanding rates accounts are dealt with in terms of the provisions of the Local Government : Municipal Property Rates Act 06 of 2004.

Cashiers are available during normal business hours in each of the urban nodes of Eshowe, Mtunzini and Gingindlovu.

All monies received are collected by a security company and deposited into the current account of the municipality. A monthly bank reconciliation is done to balance the cash books of the municipality.

The implementation of the Municipality’s Credit Control and Debt Collection Policy

5.2.2 FINANCIAL MANAGEMENT STRATEGIES

The financial matters of the municipality are managed by the Manager Financial Services.

The Council of the municipality approves the Financial Regulations applicable to all financial transactions of the municipality.

The **Revenue Section** in the Financial Department is responsible for all the revenue accounts of the municipality and consists of an Assistant Manager, Financial Officer, Data Typist, Debtors Clerk, Meter Readers and Cashiers.

The **Expenditure Section** in the Financial Department is responsible for salaries, stores and the payment of creditor accounts. In terms of the Financial Regulations of the municipality, this section also acts as the buyer for the municipality. The section consists of an Assistant Manager Financial Officer, Paymaster, Expenditure Clerks, Buyer and Storeman.

The Manager Financial Services is responsible for the compilation of the municipality's Capital and Operating Budget and this is based on the information provided by the departments of the municipality) Municipal Manager, Manager Corporate Services, Manager Engineering Services, Manager Community Services, Manager Protection Services, Manager Financial Services and Mayoral Office).

The Manager Financial Services recommends to the Council of the municipality the tariffs and rate randage that will enable the municipality to balance the annual budget.

5.2.3 ASSET MANAGEMENT STRATEGIES

All the departmental managers are responsible for and take charge of the assets in his/her department.

Each manager is charged with the responsibility of making provision for the maintenance costs within his/her department's operating budget in order to ensure cost effectiveness in terms of the use of assets.

The Council has adopted a policy in terms of which the life span of assets is determined and replacement takes place only when such a date is reached.

Assets having reached the pre-determined life span are sold in terms of the provisions of the Local Government : Municipal Finance Management Act 56 of 2003.

The Manager Financial Services is responsible for the insurance cover of all the assets of the municipality but the managers of the other departments are responsible for assessing the risk and value of cover required.



The development and implementation of a fixed asset register and asset control system as well as the maintenance thereof

5.2.4 CAPITAL FINANCING STRATEGIES

Ad-hoc capital projects are mostly funded from grant funding and implementation of an ad-hoc capital project only commences when the grant funding has been received.

Smaller ad-hoc capital projects are funded from the internal funds of the municipality, where possible.

A portion of the equitable share of the municipality is being used to fund ad-hoc capital projects in the rural areas so that basic services can be provided to indigent communities.

5.3 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 2008/9 (SDBIP)

The draft SDBIP includes monthly projections of revenue by source, monthly projections of revenue and expenditure by vote, quarterly projections for service delivery targets and other performance indicators, a detailed capital plan, a capital plan by GFS classification, monthly cash flows by source and equitable share monthly cash flows.

The Municipality, as required by legislation, has the following Policies in place which are being implemented. Further, these Policies are revised as and when required:

- Credit Control And Debt Collection Policy
- Provision For Bad Debt And Debt Management Policy
- Investment And Cash Management Policy

6.1 THE ANNUAL PERFORMANCE REPORTS IN TERMS OF SECTION 46 LOCAL GOVERNMENT : MUNICIPAL SYSTEMS ACT 32 OF 2000



6.1 PERFORMANCE REPORT 2008/2009

The purpose of this report is to present an assessment report on the uMlalazi Municipality's performance for the period 1 July 2008 to 30 June 2009, as required by legislation.

This report supports the Strategic Intent to achieve *Equitable and Effective Service Delivery*, as well as facilitating the accomplishment of Council's other strategies.

The Performance Report is based on the Municipal Key Performance Areas, Development Goals, Development Strategies and Objectives. The plan contains Key Performance Indicators (KPIs) for each Development Objective, a Budget Estimate to meet the KPI, the Responsible Department, as well as the Target Date by which the KPI must be met.

Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following:-

Annual performance reports

46. (1) A municipality must prepare for each financial year a performance report *reflecting* –
- (a) the performance of the municipality and of each external service provider during that financial year;
 - (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and
 - (c) *measures taken to improve performance.*



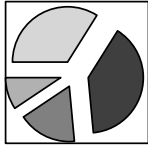
- (2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.”

This report should be read in conjunction with the annual report and annual financial statements as well as Auditor General Report on the Annual financial statements and performance achievements for the 2008/2009 financial year.

The subjoined tables reflect the organisational performance achievements aligned to the individual departmental targets as set in the IDP and individual section 57 managers performance plans for the 2008/2009 financial year.

6.1.1 KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY						
Key Performance Indicator	Performance Output	Key Performance Achieved	Variance with planned performance output	Budget	Actual Expenditure	Improved plan where applicable
Ensure the provision, upgrading and maintenance of Infrastructure and Services to address Backlogs	Liaison with ESKOM and UDM, to ensure that uMlalazi's residents receive free basic electricity, and that the UDM Energy Sector Plan as it relates to uMlalazi is implemented	Free electricity access to households earning less than R1 100.00 per month increased from 11.61%. Indigent Residents in King Dinuzulu suburb, Sunnysdale etc. enjoy free basic service of electricity. The rural areas fall under Eskom grid have different arrangements for electricity provision. The stake holders (Eskom, Uthungulu and EDI Holdings) gathered in the Association of Municipal Electricity Undertakings (AMEU) for energy sector plans. Number of households electrified is 15 624 out of 38 445 households and 48 out of 255 for schools.	Demand for the provision of electricity exceeded budget resources. Additional funding sourced through Eskom and Council budget.	R391 545.00	R401 272.00	Improve alignment with Eskom in respect of provision of electricity services. Ensure that electrification projects are prioritized in terms of community needs through the public participation process of the Integrated Development Plan (IDP). Improve communication with Department of Education to ensure that all schools are electrified.
	Free refuse removal service provided to residents on Indigent Register and beneficiaries of low cost housing.	Ensure that uMlalazi's residents recorded on Indigent Register and Low Cost Housing beneficiaries receive free refuse removal service.	Budget variation due to increased registration on Indigent Register as a result of road shows and public awareness campaign of Council financial policy.	R248 295.00	R408 980.00	Review Indigent Register and Consumer Profile and increase budget accordingly.
	Report on Progress on expenditure of MIG Funding allocated per financial year	Ensure that quarterly reports be prepared and submitted to Exco on the status of projects/activities funded by MIG.	Quarterly reports prepared and submitted through Engineering Services Portfolio Committee. Monthly expenditure reports submitted to Finance Portfolio Committee.	R11 907 000.00	R11 340 287.00	Under expenditure of MIG grant as a result of the following: - 1. Delay with appointment of Service Providers in view of compliance with MFMA and Supply Chain



6.1.1 KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY						
Key Indicator	Performance Output	Key Performance Achieved	Variance with planned performance target/output	Budget	Actual Expenditure	Improved plan where applicable
	Report on Progress on expenditure of MIG Funding allocated per financial year	Ensure that quarterly reports be prepared and submitted to Exco on the status of projects/activities funded by MIG.	<p>Meetings and then to Exco</p> <p>Expenditure per quarter in respect of MIG projects.</p>  <p>Improved expenditure pattern and record for MIG dramatically from previous financial year and no funds were withheld by National Treasury.</p> <p>Did not however achieve 100% expenditure and some projects were carried over to 2009/10 financial year.</p>	R11 907 000.00	R11 340 287.00	<p>requirements.</p> <p>2. Lack of capacity in Engineering Services Department</p> <p>3. Lack of Performance of Consultants</p> <p>4. Weather delays</p> <p>5. Delay in the receipt of Record of Decisions (ROD) from Department of Environmental Affairs</p> <p>6. Budget Cycle and compliance with MFMA</p> <p>7. Permit for landfill site delayed.</p> <p>8. Turnaround time for approval of applications to MIG is timeous (additional funds for projects, registration procedure)</p>
	Conduct an audit on all current municipal roads and accordingly prepare and implement a Municipal Roads Programme	<p>Roads and pavement management system prioritized in terms of Integrated Development Plan and community requests.</p> <p>The list of prioritized roads requiring rehabilitation was compiled and submitted to</p>	<p>Completed Audit on all current Municipal Roads</p> <p>Completed Municipal Roads Programme</p> <p>Roads Programme Completed tender on rehabilitation of municipal roads.</p>	Internal	<p>N/A</p> <p>Equitable Share R3 450 000.00 Capital R1 259</p>	<p>Maintain pavement management system.</p> <p>Highest rainfall in over 10 years resulted in delay of projects.</p>

6.1.1 KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY						
Key Indicator	Performance Output	Key Performance Achieved	Variance with performance output	Budget	Actual Expenditure	Improved plan where applicable
	Conduct an audit on all current municipal roads and accordingly prepare and implement a Municipal Roads Programme	<p>the Engineering Services Portfolio Committee for approval prior to implementation.</p> <p>Tender for prioritized roads for rehabilitation submitted to Bid Committees in terms of Supply Chain Management policy and complete.</p> <p>Consultant appointed for the compilation of Comprehensive Infrastructure Plans to submit to the Department of Local Government and Traditional Affairs.</p>	Comprehensive Infrastructure Plans submitted to the Department of Local Government and Traditional Affairs	834.00 (Grant 46) R200 000.00	R1 353 477.00 R200 000.00	Review and maintain plan. Ensure that projects are implemented inline with plan.
	Prepare and implement a Municipal Pound Plan	<p>An advertisement was placed in the newspaper for the interested service providers to bid for the establishment of the animal pound for the municipality. There was no response for the advertisement. Other interventions with officials of the Society for the Prevention of Cruelty to Animals (SPCA) were unsuccessful due to budget constraints for the operational requirements.</p>	Establishment of Animal Pound not achieved.	R50,000	R0	<p>The budgeted amount of R50 000-00 is not sufficient for establishment of the animal pound based on the magnitude of the project. Communicated with the Department of Local Government and Traditional Affairs (DLGTA). DLGTA provided training to officials and Councillors on operation and requirements for Pound. Proposals and sufficient budget provision to be made in the next financial year for success of the project to be achieved.</p>



6.1.1 KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY						
Key Indicator	Performance Output	Performance Targets/	Key Performance Achieved	Variance with planned target/output	Budget	Actual Expenditure
	Ensure that basic services such as water and sanitation are delivered. Ensure that the needs are catered for in the UDM Water and Sanitation Development Plan (WSDP) and that its roll-out is programmed accordingly (including operation and maintenance)		As per Quality of Life Survey undertaken by uThungulu District Municipality the following services have been improved: - Water, HIV /AIDS campaigns, Crime prevention, Public facilities, Public roads, Libraries, Clinics, Sports Grounds, Community halls, Parks and gardens, Cemeteries, Water point, Police Stations, Refuse removal, Free electricity, Sanitation, Electrification Projects Water and Sanitation Project Implementation Plan for next 5 years was tabled in IDP Roadshows and discussed in the bi-monthly Engineering Services Portfolio Committee for progress. There are 20 033 and 5456 households covered with water and sanitation respectively.	Expected % increase greater than 10% with all basic services. Concentrated deficiencies with provision of services in rural areas, due to lack of access, budget and historical backlogs.	Various sources e.g. Uthungulu District Municipality, Eskom, Department of Transport ect	N/A
To ensure the provision of sustainable, affordable and suitably-located housing development	Implement and review the uMlalazi Housing Sector Plan in conjunction with the Department of Housing [subject to		Sunnydale Housing Project – Bulk infrastructure completed. Top structure in process of being constructed. Expected	Construction of Top Structure for Sunnydale Housing Project falls over a 2 year period. Funding rolled over to next financial	R 4 500 000.00	R3 515 670.00
						Ensure construction programme for top structure is adhered to and financial control over funds. Ensure budget allocation for

6.1.1 KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY							
Key Indicator	Performance Output	Key Performance Achieved	Variance with planned performance output	Budget	Actual Expenditure	Improved plan where applicable	where
	subsidy allocation (funding) from DOH to achieve this]	completion date : November 2009. Gingindlovu Ext 5 and 6 Housing Project at preliminary design and geotechnical stage. Access to Low Cost Housing has increased from 3.17% in 2005 to 65.62%. Submit reviewed municipal housing sector plan by 31 December 2008.	year. Gingindlovu Ext 5 and 6 project has been delayed due to discrepancies with the budget provision provided by the Department of Housing for the Environmental Impact Assessment report required. Housing Plan approved by Corporate Services on 08 October 2008 and Executive Committee on 03 November 2008.	Internal Internal	N/A N/A	EIA for housing project is resolved as a matter of urgency. Extend completion date of project to 2010. Review housing plan annually in terms of identified needs of community through IDP.	
Manage environmental health services.	Manage on behalf of uThungulu District municipality environmental health services rendered that have become a function of District Municipalities as required by Section 84 of the Systems Act, 1998 (Quarterly reports)	Environmental Health Services, in terms of a Service Level Agreement with the uThungulu District Municipality, was conducted in accordance with the Health Act. All aspects of Environmental Health were evaluated and the necessary informatics submitted to Provincial Health and to the District Municipality.	Completed successfully. Additional Budget required for service to be provided to increased members of community as result of holistic service delivery and professionalism offered.	R462 900.00	R543 942.00	Environmental Health Services to comply with conditions of Service Level Agreement with uThungulu District Municipality.	
Complete cutting of grass cycle	Ensure that all grass cutting is done according to the required standard and quarterly report to the portfolio committee	Maintenance of verges, trees, parks and gardens was undertaken and Eshowe, Gingindlovu and Mtunzini were maintained in a high standard. The weed eradication programme was very successful in the	Completed successfully.	R1 513 312.00	R1 399 423.00	Maintain Standard	



6.1.1 KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY							
Key Indicator	Performance Output	Key Performance Achieved	Variance with planned performance output	Budget	Actual Expenditure	Improved plan applicable	where
Deliver burial services to the community at cemeteries.	Deal with required number of burials and report quarterly statistics to the portfolio committee.	suburbs of Eshowe, Gingindlovu and Mfunzini. Cemeteries were maintained and the Department of Community Services interred 217 destitute people, 126 normal deaths and 7 pauper burials.	Demand for burial sites increased. HIV/AIDS having an impact on burial sites required. Additional area required to extend service to accommodate demand.	R185 280.00	R151 843.00	Extension of Eshowe Cemetery to accommodate increase of burials. Regional landfill site to be investigated with uThungulu District Municipality.	
Ensure the delivery of a traffic patrol and traffic law enforcement service	Ensure performing of fortnightly roadblocks and report quarterly to the portfolio committee.	The traffic law enforcement section has embarked on constant roadblocks jointly with the SAPS and the RTI. The general law enforcement is embarked on daily basis.	Service Provider (TMT) assisted with capacity at roadblocks	Internal	N/A	Maintain Standard	
	Ensure that at least 10000 vehicles are screened for speed per annum and report quarterly to the portfolio committee on the number of vehicles screened	More than 10000 vehicles are screened through the camera speed law enforcement, road blocks and general law enforcement at strategic points.	Addressed outstanding fines. Incentive fine payment scheme introduced to encourage payment of outstanding fines.	Internal	N/A	21 Warrant Officers appointed to deliver fines and warrants.	

6.1.2 KEY PERFORMANCE AREA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT						
Key Performance Indicator	Performance Targets/ Output	Key Performance Achieved	Variance with planned performance target/ output	Budget	Actual Expenditure	Improved plan where applicable
Develop staff and councillor skills to ensure effective service delivery	Continuously identify staff and councillor training needs	Workplace Skills Plan being implemented. Training implemented in line with Training Schedule.	Completed need analysis on staff and councillor training needs	R193 000.00	R186 439.00	Implement Councillor training in line with analysis and pre-determined needs of Council.
	Revision and implementation of the Workplace Skills Plan	Quarterly training reports submitted to Local Labour Forum.	Revised Workplace Skills Plan	Internal	N/A	Upgrade computer hardware and software to ensure efficient compliance with submission of Workplace Skills Plan.
To improve effective and efficient communication between internal staff and councillors	Implement Revised Communication Plan	Communication revised and implemented.	Implementation of Revised Communication Plan	Internal	N/A	Integrated electronic management system required to record service delivery by department heads to improve reporting and functionality.
Revised Performance Plans for section 57 managers, aligned with targets set in the IDP	Ensure that draft performance plans for 2008/2009 financial year are submitted to the Mayor within specified timeframe as per MFMA after approval of the budget for the 2008/2009 financial year for approval by 31 July 2008.	Performance Plans submitted to His Worship the Mayor and signed on 17 June 2008	Completed	R140 000.00	R138 082.00	Continuously improve alignment of PMS plans with IDP.
Submit quarterly performance management reports to Council	Ensure that quarterly PMS reports are submitted.	Quarterly performance reports submitted and Mid Year Budget and Performance Assessment submitted to Council.	Completed	Internal	N/A	Maintain Standard



6.1.3 KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT						
Key Performance Indicator	Performance Targets/ Output	Key Performance Achieved	Variance with planned performance target/ output	Budget	Actual Expenditure	Improved plan where applicable
Ensure LED Capacity, Institutional and Operational support to SMME's.	Ensure LED Capacity, Institutional and Operational support to SMME's within the available budget and report quarterly to the MM	1. Taxi Rank potential SMME'S 2. 17 SMME'S training at FET 3. Registration of SMME'S 4. Series of meetings with Messrs uMsombomvu to access funding. 5. Registration of Ensingweni catering group. 6. Purchasing of catering equipment	Completed	R997 600.00	R880 985.00	Maintain Standard
Ensure that a specific number of community members benefits from the LED programme.	Initiate Community Economic Development: Implementation of programme on soft skills to community members by 30 June 2009.	1. Computer Skills Training 2. Advanced computer skills training 3. On the job training of ward 21 Essential oil project. 4. Training of 17 SMME'S FET	Completed			Maintain Standard
Review of the LED strategy and policy.	Review LED strategy and policy by holding a LED INDABA by 30 June 2009	1. No funds available 2. Attended LED Indaba organised by Uthungulu District Municipality and Local Government and Traditional Affairs respectively. Reports regarding identification of LED areas submitted to the Executive Committee on 04 August 2008, and 06 October 2008. Sites have been identified and	No funds provided for the review of the LED Strategy and Policy	0	N/A	Provide sufficient funding for review of the LED Strategy and Policy in alignment with the Uthungulu District Municipality
Identify Local Economic Development (LED) Trading areas in uMlalazi Municipality	Submit report to Executive Committee on the identification of LED areas by 30 June 2009		Completed	Internal	N/A	Funding provision for the provision of infrastructure (water, sanitation and shelters) required to be sourced to ensure that the identified sites are utilized for the purposes of LED.

6.1.3 KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT							
Key Performance Indicator	Performance Targets/ Output	Key Performance Achieved	Variance with planned performance target/ output	Budget	Actual Expenditure	Improved plan where applicable	
Promote uMlalazi as a tourism destination	Implement a Municipal Tourism Plan	funding is in process of being secured. Municipal Tourism Policy adopted.	Completed	Internal	N/A	Tourism Policy to be linked to Tourism Associations to ensure that the intentions of Council of aligned to those of tourism associations.	
Ensure the appropriate and effective use of land through spatial planning initiatives and the implementation of the outcomes thereof	Finalise and implement 1 st Phase of LUMS (towns of Eshowe, Mtunzini and Gingindlovu)	1 st Phase of LUMS completed	Finalisation of 1 st Phase of LUMS delayed due to geographical data being outdated. This required the service provider to commence the mapping of urban areas from scratch with updated information from the Deeds Office.	R210 000.00	R100 000.00	1 st Phase of LUMS expected to be completed in April 2010 – Further delayed due to impending implementation of new legislation which affects the approval and public participation process of the LUMS. (Planning and Development Act)	



6.1.4 KEY PERFORMANCE AREA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT						
Key Performance Indicator	Performance Targets/ Output	Key Performance Achieved	Variance with planned performance target/ output	Budget	Actual Expenditure	Improved plan where applicable
Ensure that financial resources are efficiently and effectively allocated	Revise and implement Financial Plan	Financial Plan revised	Completed	Internal	N/A	Maintain Standard
	Ensure that the Budget (capital and operational) is aligned to the IDP (link to the preparation of Financial Plan, the Service Delivery Budget Implementation Plan (SDBIP) and the Integrated Capital Investment Plan)	Full alignment of the Municipal Budget with IDP	Completed	Internal	N/A	Maintain Standard
Approval of a budget document for 2009/2010 financial year in accordance with the Municipal Finance Management Act, 2003	Review Integrated Capital Investment Plan	Reviewed Integrated Capital Investment Plan	Completed	Internal	N/A	Maintain Standard
	Ensure preparation and submission of draft 2009/2010 budget to Council by 31 March 2009 Ensure preparation and submission of final 2009/2010 budget to Council for approval by 31 May 2009	Item to Council on 26 March 2009 Item submitted to Council on 27 May 2009	Completed	Internal	N/A	Maintain Standard
Submit Service Delivery and Budget Implementation Plan (SDBIP) and quarterly reports to Council	Ensure the preparation and submission of a SDBIP for 2009/2010 within specified timeframe as per MFMA from approval of budget to National Treasury	Budget approved on 27 May 2009 inclusive of SDBIP	Completed	Internal	N/A	Maintain Standard Ensure quarterly reports are submitted.
Annual financial statements for completed 2007/2008 financial year are submitted to the Auditor General by	Designate the Manager Financial Services to finalise and submit annual financial statements for	Submitted on 01 September 2008 with the approval of the Auditor General.	31 August 2008 was a Sunday – Extension of time authorised by Auditor General.	Internal	N/A	Maintain Standard

6.1.4 KEY PERFORMANCE AREA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT						
Key Indicator	Performance Targets/ Output	Key Performance Achieved	Variance with planned performance target/ output	Budget	Actual Expenditure	Improved plan where applicable
31 August 2008	completed 2007/2008 financial year to the Auditor General by 31 August 2008					
Update and implementation of valuation roll by 30 June 2009.	Ensure updating and processing of supplementary valuation roll by 30 June 2009 in accordance with the Property Rating Act.	1 st Supplementary V Roll 07/08 advertised 7.12.06 2 nd Supplementary V Roll 07/08 advertised 23.08.07 3 rd Supplementary V Roll 07/08 advertised on 28.02.08 4 th Supplementary V Roll advertised on 3.07.08 1 st Supplementary 08/09 advertised on 9.10.08 2 nd 08/09 advertised on 23.04.09	Completed	Internal	N/A	Maintain Standard
Annually revise revenue policies	Prepare and submit revised credit and debt control policy for approval by 30 June 2009	Formed part of Budget report that was submitted to Council on 27 May 2009	Completed	Internal	N/A	Maintain Standard
	Prepare and submit revised indigent policy for approval by 30 June 2009	Report submitted on 29 May 2009. Policy revised and remain the same.	Completed	Internal	N/A	Maintain Standard
	Prepare and submit revised tariff structure by 30 June 2009	Formed part of Budget Report that was submitted to Council on 27 May 2009	Completed	Internal	N/A	Maintain Standard
Improve debtors collection per targets	Identify and report on Debtor indicators by 30 June 2009	Debtor payment rate identified and new indicators identified.	Completed	Internal	N/A	Debtor payment rate adjusted to financial year.
	Monitor the non-payment rate of all outstanding monthly recurring rates and service charges to not exceed 35%.	July –June 2009 Finance Committee agendas	Completed	Internal	N/A	Maintain standard rate of 35% for non-payment



6.1.5 KEY PERFORMANCE AREA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION						
Key Performance Indicator	Performance Targets/ Output	Key Performance Achieved	Variance with planned performance target/ output	Budget	Actual Expenditure	Improved plan where applicable
Review of the IDP conducted and that all stakeholder groups consulted by the target date.	Facilitate Public Participation Sessions and report back on the number of meetings conducted with the public for completion by 31 March 2009	34 meetings held by Deputy Municipal Manager 09/10 IDP Review Consultative Process on Evidence file Community needs set out in the IDP Review pages 150 – 156 adopted by Council on 26 March 2009	Completed – refer to IDP Implementation plan. Prioritization list completed and submitted to service providers (e.g. Eskom)	R9 739,00	R9 739,00	Maintain Standard
	Ensure the review of the IDP and participation of all stakeholder groups by 31 March 2009	Item Submitted to Council on 26 March 2009 Refer IDP process plan	Completed	R100 000,00	R100 000,00	Maintain Standard
Submit the IDP to Council for approval before the final budget, 31 March 2007	Prepare and submit the IDP to Council for approval before the draft budget submission by 31 March 2008	Item submitted to Council on 26 March 2009	Completed	Internal	N/A	Maintain Standard
Strengthening of the Ward Committee System	Ensure the improvement and strengthening of the ward committee system and report progress to the Mayor	Training undertaken by the Deputy Municipal Manager in consultation with the Department of Local Gov. on an ongoing basis, lack of funding restricting progress. Rules and Procedures for Ward Committees reviewed and submitted to Exco on 4 May 2009.	Budget restraints restricted training of secretariat function for Ward Committees.	R40 000,00	R37 100,00	Budget accordingly in 2009/10 financial year for training.
Manage events and road shows to promote community participation in municipal initiatives,	Manage events and road shows to promote community participation in municipal initiatives,	1. Roadshow on IDP in Ward Clustered format. 2. Roadshow on SMME'S together with government	Completed	Internal	N/A	Maintain Standard

6.1.5 KEY PERFORMANCE AREA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION						
Key Performance Indicator	Performance Targets/ Output	Key Performance Achieved	Variance with planned performance target/ output	Budget	Actual Expenditure	Improved plan where applicable
demonstrate service delivery and enhance uMlalazi's public image throughout the municipal area	demonstrate service delivery and enhance uMlalazi's public image throughout the municipal area	agents and certain sector departments. 3. Roadshows involving ward 3, 4, 5, 6 to deal with water road issues joined by uThungulu District Municipality.				
Ensure the drafting of an Access to Information Manual in terms of the Promotion of Access to Information Act 2 of 2000	Ensure an approved / gazetted updated access to information manual by 30 June 2009 and review on an annual basis	Access to Information Manual approved by Exco on 02 February 2009. Promulgated Provincial Gazette on 19 February 2009 (Notice No 16/2009)	Completed	Internal	N/A	Maintain Standard
Ensure an effective an efficient Delivery Service on all official communication material.	Manage all Council's external, internal and communication of Council's distribution of Council's communication material and submit quarterly statistics to the Corporate Services committee.	Quarterly statistics reports regarding communication submitted to Corporate Services.		Internal	N/A	
Market all IDP projects to all relevant stakeholders using a wide variety of communication channels dependant on the identified target audience inclusive of radio slots and monthly printing and distribution of newsletters	Promote synergies with the private and public sector by identifying most relevant communication channels and report on initiatives to the MM on a quarterly basis	Radio slots and newspaper articles completed. Council newsletter compiled and distributed in June 2009	Completed	Publicity and Annual Publications R193 000.00	Publicity and Annual Publications R188 676.00	Ensure communication channels are open and transparent. Maintain Standard
Ensure effective and efficient delivery of an HIV/Aids assistance/support to the community	Drive the supply of food parcels and grants-in-aid and quarterly report to the portfolio committee	The uMlalazi Municipality's HIV/AIDS desk distributed food parcels as an intervention measure to assist HIV/AIDS sufferers or	Completed	R550 000.00	R524 304.00	Maintain Standard



6.1.5 KEY PERFORMANCE AREA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION						
Key Performance Indicator	Performance Targets/ Output	Key Performance Achieved	Variance with planned performance target/ output	Budget	Actual Expenditure	Improved plan where applicable
		orphans. R200 000.00 was distributed to NGO's, CPO's registered with the municipality as an intervention measure to assist the 7 NGO in the fight against HIV/AIDS in the rural areas.				
Ensure effective and efficient delivery of an Arts and Culture assistance/support to the community	Arrange and support Art and Culture events in the Municipal area and report quarterly to the portfolio committee	Numerous Arts and Culture events were sponsored by the Desks and the annual Zulu Dance competition was well attended.	Completed	R134 000.00	R132 282.00	Maintain Standard
Ensure effective and efficient delivery of a Youth assistance/support to the community	Arrange and support youth events in the municipal area and report quarterly to the portfolio committee	June 16 Youth Day was a great success. ± 4500 youth attended the celebration and the uMlalazi Municipality sponsored the day in the amount of R340 000.00. Youth were counseled on HIV/AIDS, education, crime and entertained as well.	Completed – Increased number of community attended event.	R350 000.00	R310 0260	Ensure sufficient budget provision to cater for increased attendance in 2009/10 financial year.

6.2 MUNICIPAL PERFORMANCE COMPLIANCE CHECK QUESTIONNAIRE

2008/2009 ANNUAL MUNICIPAL PERFORMANCE REPORT					
COMPLIANCE CHECK QUESTIONNAIRE					
uMLALAZI MUNICIPALITY					
NO	ITEM	STANDARD PROVINCIAL INDICATOR/MUNICIPAL PERFORMANCE INDICATOR	In Place	In process	No progress
					ACTIONS TO CORRECT
1	Core administrative policies, plans, procedures, systems and frameworks developed in municipalities	Legally compliant Employment Equity Plan	YES		
		Workplace Skills Development Plan (staff other than Sec 57)	YES		
		Recruitment policy	YES		
		Legally compliant Supply Chain Management policy	YES		
		Budget policy	YES		
		Indigent support policy	YES		
		Credit control and debt collection policy	YES		

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	Number total posts vacant at the end of the financial year		Number	4/304		
	Municipal Manager post filled at the end of the financial year (EXCLUDING acting and not suspended)		YES			
	Municipal Manager post occupied by PDI		NO			
	Municipal Manager post occupied by women		NO			
	Senior management (Section 57 only) posts filled at the end of the financial year (EXCLUDING acting and not suspended)					
	POST		filled	vacant	advertised	if filled, occupied for how many months in the year
	Municipal Manager		YES			12
	Monitoring and Evaluation (Performance Management)		YES			12
	Financial Management		YES			12
						DEPUTY MUNICIPAL MANAGER



					YES	Technical Services			12		MANAGER ENGINEERING SERVICES
					YES	Local Economic Development			12		DEPUTY MUNICIPAL MANAGER
					YES	Community Services			12		
					YES	Corporate Services			12		
					YES	Development Planning			12		MANAGER CORPORATE SERVICES
					Number			3 OUT OF 6			
					Number	Numbers must exclude the Municipal Manager position		0 OUT OF 6			
					Number			0 OUT OF 6			
					Number senior management posts (Section 57 only) occupied by PDI						
					Number senior management (Section 57 only) posts occupied by women						
					Number senior management posts (Section 57 only) occupied by disabled						

[illegible]



		Disclaimer			
		Functional billing system in place	YES		
5	Municipal Property Rates Act	Property Rates Policy	YES		
		Valuation Role	YES		
		Backlog study completed and verified by Statistics South Africa	NO		QUALITY OF LIFE SURVEY CONDUCTED
6	Basic Services	Municipal Infrastructure Implementation Strategy for 5 years	YES		
		Indigent Register	YES		
		Housing Strategy to eradicate informal settlements	YES		
		Consultation and Public Participation Framework in place	YES		
		Customer Complaints system	YES		
		Traditional Leadership consultation and participation programme	YES		
7	Good Governance	Conducted customer satisfaction surveys	YES		QUALITY OF LIFE SURVEY CONDUCTED

	HIV/AIDS strategy developed	YES				
	Adopted Community Development Worker Frameworks	YES				
	Adopted Section 53 Framework in terms of the M Systems A adopted by Council	YES				
	District Co-ordinating Forum (DCF) established and operational	YES				
	District Technical Forum established and operational	YES				
	07/08 Annual Report adopted	YES				
	07/08 Annual Performance Report	YES				
	Council adopted 07/08 Oversight Report	YES				
	Functional Audit Committee	YES				
	Functional Performance Audit Committee	YES				
	IDP adopted by end June	YES				
	LED programme developed	YES				
	Poverty alleviation programme adopted	YES				
8	Local Economic Development					



7. PRESENTATION BY ACCOUNTING OFFICER

It is my great pleasure to present to you the draft of the above for the current year under review 2008/2009.

This Report is in accordance with legislative prescripts and includes the following documents:

- The local authority's Annual Financial Statements for the review year in terms of Section 126 of the Local Government Municipal Finance Management Act (MFMA)
- The Annual Performance Reports in terms of Section 46 Local Government Municipal Systems Act
- The Auditor-General's Report in terms of Section 45 (b) of the Local Government : Municipal Systems Act
- The Auditor-General's Report on the Financial Statements
- The responses to the issues raised in the Auditor- General's Report

The Integrated Development Plan (IDP) reflects the priorities for the year under review as well as indicators and targets of the capital expenditure for the next five years.

CHRIS GERBER
MUNICIPAL MANAGER

8. uMLALAZI MUNICIPALITY



AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

I am responsible for the preparation of these annual financial statements, which are set out on pages 69 to 109 in terms of section 126 (1) of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 10 of these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998) and the Minister of Co-operative Governance and Traditional Affairs' determination in accordance with this Act

A handwritten signature in black ink, appearing to read 'JC Gerber'.

JC GERBER
Municipal Manager

27 August 2009



uMLALAZI MUNICIPALITY

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8.1 THE AUDITOR-GENERAL'S REPORT IN TERMS OF SECTION 45 (B) OF THE LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF uMLALAZI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the uMlalazi Municipality which comprise the statement of financial position as at 30 June 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 75 to 102.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in the accounting policy 1 and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. Paragraph 11 *et seq.* of the Standard of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the uMlalazi Municipality in this respect



will be limited to reporting on non-compliance with this disclosure requirement. Consequently, a decision has been taken that the AGSA will not audit the budget information presented in the financial statements in terms of GRAP 1 and the audit opinion will, therefore, not cover such information.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMlalazi Municipality as at 30 June 2009 and its financial performance and its cash flows for the year then ended, in accordance with the basis of accounting determined by National Treasury, as set out in accounting policy note 1 and in the manner required by the MFMA.

OTHER MATTERS

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Unaudited supplementary schedules

9. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 *Presentation of Financial Statements*. The supplementary information set out on pages 103 to 109 does not form part of the financial statements and is presented as additional information. I do not express an opinion thereon.

Non-compliance with applicable legislation

10. There was non-compliance with section 166(4)(b) of the MFMA which requires the audit committee to meet at least four times a year.

Governance framework

11. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

12. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	a	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		a
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	a	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines section 126 of the MFMA.	a	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	a	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The municipality had an audit committee in operation throughout the financial year.	a	
	• The audit committee operates in accordance with approved, written terms of reference.	a	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		a
7.	Internal audit		
	• The municipality had an internal audit function in operation throughout the financial year.	a	
	• The internal audit function operates in terms of an approved internal audit plan.	a	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.	a	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	a	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	a	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	a	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.	a	
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	a	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	a	
14.	SCOPA resolutions have been substantially implemented.	a	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		a
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		a



No.	Matter	Y	N
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the municipality against its mandate, predetermined objectives, outputs, indicators and targets section 68 of the MFMA.	a	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	a	

13. Governance policies and practices operated effectively and appropriately during the year. The municipality has complied with most of the key governance responsibilities. Weaknesses with the audit committee and performance information need to be addressed to improve adherence to the governance framework.

Investigation

14. An investigation into theft of monies started in the 2006/07 financial year. The investigation was still ongoing at the reporting date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

15. I have reviewed the performance information as set out on pages 46 to 66.

The accounting officer's responsibility for the performance information

16. In terms of section 121(3)(c) of the MFMA the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

The Auditor-General's responsibility

17. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

18. In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

19. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

20. The uMlalazi Municipality did not appoint a performance audit committee, nor was another committee utilized as the performance audit committee, as required by regulation 14(2) of the Municipal Planning and Performance Management Regulations, 2001.

21. The municipality has not reported performance against predetermined objectives, as required by section 40 of the MSA.

APPRECIATION

22. The assistance rendered by the staff of the uMlalazi Municipality during the audit is sincerely

Auditor-General.

Pietermaritzburg

30 November 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



uMLALAZI MUNICIPALITY

8.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Notes	2009	2008
		R	R
NET ASSETS AND LIABILITIES			
Net assets			
Housing operating account	1	10 229 999	9 506 376
Capital replacement reserve		-	11 034 327
Capitalisation reserve		-	13 110 865
Government grant reserve		-	39 667 937
Donations and public contributions reserve		1 159 356	1 601 977
Revaluation reserve	13	69 032 646	23 069 870
Accumulated surplus / (deficit)	17	125 843 320	48 873 097
		<hr/>	<hr/>
		206 265 321	146 864 449
		<hr/>	<hr/>
Non-current liabilities			
Long term liabilities	2	716 575	79 489
Post retirement medical benefits	29	5 548 290	4 846 944
Long service awards and retirement gifts	30	1 417 644	1 262 722
Refuse site rehabilitation	33	2 998 473	1 760 000
		<hr/>	<hr/>
		10 680 982	7 949 155
		<hr/>	<hr/>
Current liabilities			
Consumer deposits	3	728 336	778 111
Creditors	8	15 534 175	8 855 806
Bank overdraft	15	2 332 964	1 576 067
Unspent conditional grants and receipts	38	7 737 903	5 689 366
Current portion of long term liabilities	2	78 858	227 573
Current portion of post retirement medical benefits	29	344 372	288 000
Current portion of long service awards and retirement gifts	30	192 589	98 632
		<hr/>	<hr/>
		26 949 196	17 513 555
		<hr/>	<hr/>
Total Net assets and Liabilities		<hr/> 243 895 499 <hr/>	<hr/> 172 327 159 <hr/>
ASSETS			
Non-current assets			
Property, plant and equipment	37	196 879 027	134 402 435
Investment property	14/37	5 930 800	4 834 302
Investments	4	1 000	1 000
Long term receivables	5	981 019	982 395
		<hr/>	<hr/>
		203 791 846	140 220 132
		<hr/>	<hr/>
Current assets			
Inventory	6	1 829 741	1 481 717
Consumer receivables	7	21 170 169	18 939 487
Other receivables	7	1 067 232	488 317
Current portion of long term receivables	5	23 107	5 197
Investments - short term	4	15 987 264	11 164 784
Bank balances and cash	15	26 140	27 525
		<hr/>	<hr/>
		40 103 653	32 107 027
		<hr/>	<hr/>
Total Assets		<hr/> 243 895 499 <hr/>	<hr/> 172 327 159 <hr/>

Annual Report 2008/2009

uMLALAZI MUNICIPALITY

8.3 STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

2009			Actual		Budget	
Notes			2009	2008	2009	2008
			R	R	R	R
REVENUE						
Property rates	1	9	26 431 238	22 671 198	32 650 848	33 085 332
Property rates - penalties imposed	2		919 659	797 388	998 427	1 599 030
Service charges	3	16	28 909 467	17 497 206	30 155 778	19 929 660
Rental of facilities and equipment	4		1 152 801	1 414 399	1 264 811	1 480 749
Interest earned						
External investments	5		565 486	857 681	1 338 800	1 081 500
Outstanding debtors	6		-		-	-
Fines	7		2 473 284	1 184 723	2 527 018	1 632 869
Licences and permits	8		2 130 377	1 798 760	1 846 841	1 849 232
Government grants and subsidies	9	24	41 743 558	33 280 970	42 763 299	37 813 276
Other income	10		1 764 954	6 364 036	1 448 765	6 337 058
Depreciation recovered from reserves	37		2 596 393	2 785 686	2 785 963	
Gains on disposal of property, plant and equipment	12		715 216	2 728 667	2 725 000	-
Investment Properties - Fair value adjustment			1 096 498			
Total Revenue			110 498 931	91 380 714	120 505 550	104 808 706
EXPENDITURE						
Employee related costs	13	27	37 279 526	31 748 899	40 417 359	32 636 235
Remuneration of councillors	14	10	9 870 937	9 092 266	9 965 500	8 899 053
Bad debts	15		-	320 589	478 267	453 092
Depreciation	17		5 602 845	4 865 779	5 659 045	4 220 800
Repairs and maintenance	18		8 443 725	8 231 110	8 549 702	8 138 145
Interest paid	19	12	182 290	97 136	162 106	213 773
Bulk purchases	20	25	14 814 780	11 652 497	13 802 806	10 135 727
Contracted services	21		7 225 347	5 836 747	7 417 468	6 008 491
Retirement and long services benefits	22	29/30	1 006 596	847 318	1 415 456	1 358 000
General expenses	23		28 534 085	20 813 972	31 932 465	32 361 508
Loss on disposal of property, plant and equipment	24		-	12 022	-	
Contributions to staff leave	25		768 097	427 029	292 881	270 644
Less Recharges	36		-36 087	-71 110	-28 272	-28 652
Total Expenditure			113 692 141	93 874 254	120 064 783	104 666 816
SURPLUS (DEFICIT) FOR THE YEAR			-3 193 210	-2 493 540	440 767	141 890

Refer to Appendix E (1) for the comparison with the approved budget



uMLALAZI MUNICIPALITY

8.4 STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2009

	Housing operating account	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations and public contributions reserve	Revaluation reserve	Accumulated surplus/ (deficit)	Total
	R	R	R	R	R	R	R	R
30 June 2008								
Restated balance	8 983 247	15 163 246	14 786 629	26 440 599	2 167 007	23 069 870	47 507 787	138 118 385
Net surplus (deficit) for the year	18 004						-2 511 544	-2 493 540
Adjustments prior year	1 406						-252 065	-250 659
Transfer to Capital Replacement Reserve								-
Property, plant and equipment purchased		-4 128 919					4 128 919	-
Capital grants used to purchase property, plant and equipment				14 305 738				14 305 738
Donated/ contributed property, plant and equipment	-14 397							-14 397
Transfer to Housing operating account								-
Public contributions	94 670				-721 778			-627 108
Interest received	423 446				188 270			611 716
Offsetting of depreciation			-1 675 764	-1 078 400	-31 522			-2 785 686
								-
								-
Balance at 30 June 2008	9 506 376	11 034 327	13 110 865	39 667 937	1 601 977	23 069 870	48 873 097	146 864 449
Balance at 30 June 2008	9 506 376	11 034 327	13 110 865	39 667 937	1 601 977	23 069 870	48 873 097	146 864 449
Surplus (deficit) for the year	1 741						-3 194 951	-3 193 210
Adjustments prior year							-1 511 291	-1 511 291
Transfer to Capital Replacement Reserve								-
Property, plant and equipment purchased								-
Revaluation of unsold properties						45 962 776		45 962 776
Capital grants used to purchase property, plant and equipment				20 428 332				20 428 332
Donated/ contributed property, plant and equipment								-
Transfer to Housing operating account	-84 473							-84 473
Public contributions	153 787				-507 643			-353 856
Interest received	652 568				96 418			748 986
Offsetting of depreciation			-1 465 532	-1 099 464	-31 396			-2 596 392
Transfer to Accumulated surplus/(deficit)		-11 034 327	-11 645 333	-58 996 805			81 676 465	-
Balance at 30 June 2009	10 229 999	-	-	-	1 159 356	69 032 646	125 843 320	206 265 321

uMLALAZI MUNICIPALITY

8.5 CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

		2009	2008
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from (utilised in) operations	18/19	21 595 209	1 224 342
Interest received		1 314 472	1 469 397
Interest paid		-182 290	-97 136
Net Cash from (utilised in) operating activities		22 727 391	2 596 603
CASH FLOWS FROM (UTILISED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-22 451 760	-25 500 669
Proceeds on disposal of property, plant and equipment		2 293 600	3 681 224
Increase in investment properties	14	-	-
(Increases) decreases in non-current receivables		-	-
(Increases) decreases in non-current investments		-	-
CASH (UTILISED IN) GENERATED FROM INVESTING ACTIVITIES		2 569 231	-19 222 842
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/ (repaid)	20	488 371	-331 208
(Increase) / decrease in cash investments	21	-4 822 481	11 593 111
Increase in liability for retirement and long service gifts	29/30	1 006 597	847 317
Increase in liability for refuse site rehabilitation	33		1 760 000
Increase / (decrease) in contributions from public/state			-
Net cash generated from / (utilised in) financing activities		-3 327 513	13 869 220
NET INCREASE (DECREASE) IN CASH EQUIVALENTS		-758 282	-5 353 622
Cash and cash equivalents			
At the beginning of the year		-1 548 542	3 805 080
At the end of the year		-2 306 824	-1 548 542
		758 282	5 353 622



uMLALAZI MUNICIPALITY

8.6 ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1 BASIS OF PRESENTATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of :

General Notice 991 of 2005 issued in Government Gazette no. 28095 of 15 December 2005; and
General Notice 992 of 2005 issued in Government Gazette no. 28095 of 07 December 2005.

The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GRAP 7	Accounting for Investments in associates
GRAP 8	Financial Reporting of Interests in Joint Ventures
GRAP 9	Revenue
GRAP 12	Inventories
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets

Accounting policies for material transactions, events or conditions not covered by the above mentioned GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

2 PRESENTATION CURRENCY

The annual financial statements are presented in South African Rand

3 GOING CONCERN ASSUMPTION

The annual financial statements are prepared on a going concern basis

4 HOUSING OPERATING ACCOUNT

The Housing Operating Account was established in terms of the Housing Act, 1997 (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 01 April 1998 and transferred to a Housing Operating Account. Housing selling schemes, both complete and in progress at 01 April 1998, were also transferred to the Housing Operating Account. In terms of the said Act, all proceeds from housing developments, including rental income and sales of houses, must be paid into the Housing Operating Account. Monies standing to the credit of this account can only be used to finance housing developments within the municipal area subject to the approval of the Provincial Member of the Executive Committee responsible for housing.

uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

5 RESERVES

5.1 Capital Replacement Reserve (C R R)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the C R R. A corresponding amount is transferred to a designated C R R bank or investment account. The cash in the designated C R R bank account can only be utilised to finance items of property, plant and equipment. The C R R is reduced and the accumulated surplus / (deficit) is credited by a corresponding amount when the amounts in the C R R are utilised.

The amount transferred to the C R R is based on the municipality's need to finance future capital projects which have been identified in the Integrated Development Plan.

5.2 Capitalisation Reserve

On the implementation of GRAP, the balances on certain funds, created in terms of the erstwhile Local Authorities Ordinance, 1974 (No. 25 of 1974) that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus / (deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit).

The balance on the Capitalisation Reserve is equal to the carrying value of the items of property, plant and equipment financed from the former legislated funds.

When items of property, plant and equipment are depreciated, an equivalent amount is transferred from the Capitalisation Reserve to the accumulated surplus / (deficit).

When items of property, plant and equipment are disposed of, the balances in the Capitalisation Reserve relating to such items are transferred to the accumulated surplus / (deficit).

5.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus / (deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus / (deficit).

The purpose of this policy is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit).

When items of property, plant and equipment financed from government grants are disposed of, the balances in the Government Grant Reserve relating to such items are transferred to the accumulated surplus / (deficit).



uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

5.4 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus / (deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus / (deficit).

The purpose of this policy is to promote consumer equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful lives of items of property, plant and equipment financed from donations and public contributions.

When items of property, plant and equipment financed from donations and public contributions are disposed of, the balances in the Donations and Public Contributions Reserve relating to such items are transferred to the accumulated surplus / (deficit).

5.5 Revaluation Reserve

Unrealised surpluses arising from the revaluations of land and buildings are credited to a Non-Distributable Reserve. Revaluation surpluses are realised as revalued buildings are depreciated, by means of transfers from the revaluation reserve to the accumulated surplus / (deficit).

When revalued land and buildings are disposed of, the net revaluation surpluses in the Revaluation Reserve relating to such items are transferred to the accumulated surplus / (deficit), while gains and losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated in the annual financial statements at cost less accumulated depreciation, except for land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment comprises purchase price, import duties, non-refundable purchase taxes and directly attributable costs of bringing the asset to working condition for its intended use, such as site preparation, initial delivery, handling, installation and professional fees. Where items of property, plant and equipment have been impaired, the carrying values are adjusted by the impairment losses. These losses are recognised as expenses in the period that the impairments are identified except where an impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings is recognised as revenue to the extent that it reverses the impairment loss which was previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item cannot be measured at its fair value, its cost will be measured at the carrying amount of the asset given up.

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ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

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Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

The costs/revaluations of property, plant and equipment are depreciated using the straight line method over the period of the estimated useful lives of the assets. Depreciation on new acquisitions is charged to the Statement of Financial Performance in the financial year that economic benefits accrue to Council.

The annual depreciation rates are based on the following estimated useful lives of the assets:

	Years		Years
Infrastructure		Other	
Roads and paving	30	Buildings	30
Pedestrian malls	30	Specialist vehicles	10
Electricity	20 - 30	Other vehicles	5
Housing	30	Office equipment	3
		Furniture and fittings	7 - 10
Community		Watercraft	15
		Bins and containers	5
Buildings	30	Specialised plant and equipment	10 - 15
Recreational facilities	20 - 30	Other items of plant and equipment	2 - 5
Security	5	Landfill sites	15

The estimated useful lives are periodically reviewed in order to adjust them if they have changed.

Items of Property, Plant and Equipment which are acquired at no cost or for a nominal cost is recognised at their fair values.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is immediately written down to its recoverable amount and the impairment loss is charged to the Statement of Financial Performance in the period that they are identified.

In terms of GRAP 17 the Council has used the transitional provisions to recognise items of Property, Plant and Equipment, which were not previously recognised, at their fair values.

7 REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated in the annual financial statements at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation of buildings.

8 INVESTMENT PROPERTY

Investment property, which is property held to earn rental revenue or for capital appreciation, is stated in the annual financial statements at fair value. The fair value is determined annually on the reporting date by the Council's valuers.



uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

9 INVESTMENTS

9.1 Financial instruments

Financial instruments, which include fixed deposits and short-term deposits invested in registered commercial banks are stated in the annual financial statements at the lower of cost or fair value. No impairments are required as the cost values equate to their cash values.

Where investments have been impaired, the carrying values are adjusted by the impairment losses, which are recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net proceeds on disposal and the carrying amount is charged or credited to the Statement of Financial Performance.

10 INVENTORIES

Inventories are comprised of consumable stores, raw materials and finished goods and are stated in the annual financial statements at the lower of average cost, determined on the first in first out method and net realisable value. Cost includes deductions for discounts and rebates.

Redundant and slow moving inventories are identified and sold by public auction and any gain or loss on disposal is recognised in the Statement of Financial Performance.

Unsold properties are stated in the annual financial statements at the lower of cost, determined on the average cost method and net realisable value. Direct costs are accumulated for each separately identifiable development. Cost also includes a proportion of overhead costs.

11 ACCOUNTS RECEIVABLE

Accounts receivable are stated in the annual financial statements at the value of billings to consumers/ratepayers, less deductions for discounts given or rebates granted less a provision for doubtful accounts.

Provision for doubtful accounts is made, based on a review of all outstanding amounts at the financial year end. Contributions to the provision are calculated on a specific debt basis of all debts older than two years, including rates and rates penalties.

Bad debts are written off in the period that they are identified. Amounts that are receivable within one year are classified as current assets.

12 ACCOUNTS PAYABLE

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received. The liabilities are generally settled within a period of 30 Days, accordingly any impairments, if any, are considered to be immaterial.

uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

13 REVENUE RECOGNITION

13.1 Revenue from Exchange transactions

Service charges for Electricity are based on consumption by consumers as is recorded on each consumer's meter. Meters are read each month and the revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods where meter readings have not been able to be carried out. The revenue from these provisional readings is also recognised as revenue when invoiced. Adjustments to provisional estimates and recognition of the amended revenue arising there from are made in the invoicing period in which meters are read. Revenue from the sale of electricity prepaid meter cards is recognised in the period in which cash is received.

Service charges for refuse removal are raised and recognised on a monthly basis in arrears and are based on the application of the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month

Interest and rentals are recognised on a time proportion basis

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service has been rendered and the fee has been charged or licences and permits have been issued.

Income from agency services is recognised on a monthly basis once the income collected for agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from the sale of goods is recognised when the risk passes to the consumer.

Revenue from public contributions is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items are brought into use. A liability is raised when a public contribution has been received but all the conditions have not been met.

13.2 Revenue from Non-exchange transactions

Revenue from assessment rates is recognised when the legal entitlement arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from the collection of spot fines and summonses is recognised when payment is received.

Donations are recognised when cash is received or when property, plant and equipment is brought into use.

Contributions of property, plant and equipment are recognised when the items are acquired.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible Councillors or officials is virtually certain.

14 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.



uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

15 PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at the reporting date and adjusted to reflect the current best estimate.

16 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents in the cash flow statement comprise cash on hand, deposits held on call with banks, net of bank overdrafts.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred.

17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure represents expenditure which has been incurred but not budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56 of 2003). Unauthorised expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue when it is subsequently recovered.

18 IRREGULAR EXPENDITURE

Irregular expenditure excludes unauthorised expenditure and represents expenditure incurred that is contrary to the provisions of the Local Government : Municipal Finance Management Act, 2003 (Act No.56 of 2003) the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Public Office Bearers Act, 1998 (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue when it is subsequently recovered.

19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure represents expenditure that was made in vain and would have been avoided if reasonable care had been exercised. Fruitless and wasteful expenditure is accounted for in the Statement of Financial Performance as an expense and as revenue when it is subsequently recovered.

20 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the two defined benefit funds and the provident fund it administers. Contributions are charged as an expense in the Statement of Financial Performance in the year that they become payable.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the Contributions which are charged as an expense in the Statement of Financial Performance in the year that they become payable.

uMLALAZI MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

21 BORROWING COSTS

Borrowing costs are recognised in the Statement of Financial Performance in the year in which they become payable.

22 DEPOSITS

Deposits received from consumers are based on the estimated monthly consumption and are calculated to cover approximately two and one half consumption, taking into consideration each consumer's profile. In the event of a disconnection of service for non payment, the value of the deposit is reviewed and adjusted in terms of the Council's credit control policy. No interest is paid on deposits held.

23 OPERATING LEASES

Payments made on operating lease agreements are expensed and charged to the Statement of Financial Performance in the period in which such payments are due. These agreements do not transfer risk and rewards associated with ownership of an asset to the Municipality.

24 PRIOR YEAR COMPARATIVES

Prior period comparatives are reclassified when the presentation or classification of items in the annual financial statements is amended.



uMLALAZI MUNICIPALITY

8.7 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1. HOUSING OPERATING ACCOUNT

Government Loans extinguished in 1998
 Instalments received from borrowers
 Accumulated surplus

	2009	2008
	R	R
1	4 322 544	4 407 017
2	5 670 154	4 863 797
3	237 301	235 560
	<u>10 229 999</u>	<u>9 506 374</u>

Fixed assets
 Debtors - short term
 Debtors - long term
 Investments - External
 Cash at bank

4	-	-
5	1 545 794	1 468 152
6	883 046	919 826
	5 670 154	4 938 570
	2 131 005	2 179 828
	<u>10 229 999</u>	<u>9 506 376</u>

2. LONG TERM LIABILITIES

Annuity loans

795 433 307 062

Total External loans

795 433 307 062

LESS : Current portion transferred to current liabilities

-78 858 -227 573

(Refer to appendix A for more detail)

716 575 79 489

Annuity loans

Bear interest at rates between 12.62% and 18.08 % per annum,
 are being redeemed in bi-annual instalments, including interest,
 over varying periods.

Fair value impairments

Long term loans are recorded at the actual liability to loan creditors.
 No impairment, if any has been recognised.

3. CONSUMER DEPOSITS: SERVICES

Electricity

30 728 336 778 111

Guarantees held in lieu of electricity deposits

495 217 621 062

4. INVESTMENTS

Unlisted

Shares in Co-operative - Coastal Farmers

306 1 000 1 000

1 000 1 000

Short term investments

Notice deposits - call
 Notice deposits - Housing

307 10 317 110 6 226 214
 7 5 670 154 4 938 570

15 987 264 11 164 784

Total investments

15 988 264 11 165 784

Council's valuation of unlisted investments

15 988 264 11 165 784

Average rate of return on investments

8.22% 18.75%

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

5. LONG TERM RECEIVABLES

Deposits with creditors
Staff housing loans
Housing loans

	2009 R	2008 R
293	116 800	61 800
320	4 280	5 966
6	883 046	919 826
	1 004 126	987 592
LESS:		
Current portion of long-term receivables transferred to current assets		
Staff housing loans	-1 243	-5 197
Housing loans	-6 515	
Old age home	-15 349	
	-23 107	-5 197
	981 019	982 395

Housing selling scheme loans

Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Housing's programme. The loans are repayable over terms ranging from 5 to 30 years at rates varying between 11.25% and 13.5%

6. INVENTORY

Inventory represents:

Consumable stores
Stationery Stores
Electrical maintenance spares
E Card Replacement

37	574 754	171 677
39	173 219	214 743
40	1 081 421	1 095 297
47	347	-
	1 829 741	1 481 717

No impairments of the values of inventory have been written off as management considers that all stores are useable and any losses on ultimate realisation are immaterial. Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority

7. RECEIVABLES

Consumer receivables

25 127 801 20 607 859

Less: Provision for Bad Debts

52	-3 957 632	-1 668 372
	21 170 169	18 939 487

Other receivables

Salary suspense
Value added taxation
Other sundry receivables
Survey suspense

45	778	
	793 916	
49	198 944	414 723
51	73 594	73 594
	22 237 402	19 427 804

Management have considered the effects of any impairment in the values of outstandings and the value of the provision for bad debts. The provision is adequate to account for any material losses expected to arise from any adjustments that are required to be made to outstanding balances

Consumer receivables

Rates and penalties
Electricity
Housing
Refuse
Sundries

200	10 639 712	8 316 982
201	4 268 245	1 712 503
	1 545 794	1 468 152
203	1 099 753	883 766
204	7 574 296	8 226 456
	25 127 801	20 607 859

Amounts written off as bad debts
As a percentage of total operating revenue
Number of days outstanding

- 902 852
0.00% 0.99%
86 84



uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Age analysis**Rates and penalties**

Current (0 to 30 days)

31 to 60 days

61 to 90 days

91 to 120 days

121 days and over

2009	2008
R	R
2 603 487	1 234 027
347 360	216 623
276 705	189 149
266 275	168 264
7 145 884	6 508 919
10 639 711	8 316 982
<hr/>	
2 214 098	1 446 193
145 493	32 699
27 649	57 188
27 107	46 463
1 853 898	129 960
4 268 245	1 712 503
<hr/>	
532 554	413 757
46 967	44 834
32 831	28 272
30 699	21 805
456 702	375 098
1 099 753	883 766
<hr/>	
3 102 530	6 680 116
679 244	67 424
53 830	42 934
7 391	201 934
3 731 301	1 234 048
7 574 296	8 226 456
<hr/>	
19 815	543 556
10 548	8 781
10 416	8 710
10 797	8 627
1 494 218	898 478
1 545 794	1 468 152
<hr/>	
Provision for Bad Debts	
Balance at beginning of year	1 668 372
Contributions made during the year	320 589
Prior year Contribution Adjustments	2 289 260
Transfers ex Equitable Share Grant	900 000
	<hr/>
	3 957 632
Debts written off during the year	0
	<hr/>
	3 957 632
	<hr/>
	1 668 372
	<hr/>

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uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

8 CREDITORS

		2009 R	2008 R
Trade creditors	41	9 284 480	5 604 100
Deposits - other	35	88 812	68 467
Salary suspense			224 341
Retention monies	46	539 868	686 745
Unidentified Direct Deposit's	43	1 695 154	
Value added taxation		349 858	111 026
Staff leave	287	1 527 591	1 360 615
E Card replacements			4 073
Payments received in advance	42	2 048 079	796 439
Billing Suspense		332	
		15 534 175	8 855 806

VAT is payable on the receipts basis and is only due to SARS when payments are received from debtors

9 ASSESSMENT RATES

The last general valuation came into effect on:

Eshowe	01/07/2006	01/07/2006
Mtunzini	01/07/2006	01/07/2006
Gingindhlovu	01/07/2006	01/07/2006

Rebates

Municipal Properties	100%	100%
Government Properties	20%	20%
Pensioners	40%	40%
Residential Properties with land values of R50 000 and less	100%	100%

Industrial incentives

All undeveloped serviced industrial sites where the industrial developer has provided the full range of Municipal services
Industrialists are granted incentive rebates on a phased reducing basis over five years

	Valuation at 30/06/2009	Valuation at 30/06/2008	Actual income 30/06/2009	Actual income 30/06/2008
Commercial	360 032 900	343 096 900	4 158 098	3 401 057
Residential	1 242 277 700	1 136 747 800	14 346 687	11 563 593
Education and State	262 340 500	264 735 000	3 029 827	2 720 845
Agriculture	228 945 600	256 414 500	2 644 142	2 494 108
Municipal	156 934 000	179 749 000	1 812 465	1 811 384
Public Benefit	38 099 500	59 642 500	440 019	680 211
	2 288 630 200	2 240 385 700	26 431 238	22 671 198
Less Rebates			-6 057 932	-5 895 540
	2 288 630 200	2 240 385 700	20 373 306	16 775 658



uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
10 COUNCILLORS' REMUNERATION		
Mayor's allowance	534 683	434 070
Deputy Mayor's allowance	238 199	313 733
Speaker's allowance	430 942	318 974
Chief Whip	405 007	185 234
Executive Committee Members	1 548 884	1 592 443
Councillors' allowances	6 238 068	5 815 703
Councillors' pension and medical aid contributions	475 155	432 109
	9 870 938	9 092 266

The Mayor, Deputy Mayor, Speaker and Chief Whip are full time councillors, and have office and secretarial support at the cost of the Council.
The Mayor has the use of a Council leased vehicle for official duties.

11 AUDITORS' REMUNERATION

Audit fees	12 1 228 297	828 554
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12 INTEREST PAID

Long term liabilities	64 42 783	89 751
Bank overdrafts	65 139 508	7 385

Total interest on external borrowings	182 290	97 136
---------------------------------------	----------------	---------------

13 PROPERTY, PLANT AND EQUIPMENT

Land and buildings have been revalued to fair value during the year ended 30 June 2009 using values determined by the Council's independent valuers on the depreciated replacement value basis.

The revaluation surplus is reconciled as follows:

Balance at beginning of year	23 069 870	23 069 870
Surplus arising on revaluation of properties	45 962 776	-
Surplus realised	-	-
Balance at end of year	66 69 032 646	23 069 870

Refer to Appendix B for more detail on property, plant and equipment

The municipality has taken advantage of the transitional arrangements set out in Grap statement No. 17.
The municipality is in the process of fine-tuning the asset register records that have been painstakingly compiled. A formal physical verification will be carried out in 2009/2010 and amendments made where applicable. At present, depreciation on infrastructure and community assets is based on an average useful life using some historical costs recorded in somewhat out of date records.
In addition, no assessment has been carried out to determine whether or not there are any impairments of values but it is expected to be completed by 30 June 2010. The componentise infrastructure exercise will be done during 2009/2010.
See also Note 37

14 INVESTMENT PROPERTY

Certain properties classified as investment properties at municipal value	4 925 000	3 648 500
The fair value of these properties as valued by the Council's valuers, Messrs. HCB Properties	5 930 800	4 834 302
Rental income derived from these properties amount to	1 038 443	986 521

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uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
15 BANK, CASH AND OVERDRAFT BALANCES			
The Municipality has the following bank account:			
Current account (Primary Bank Account)			
First National Bank Limited, Eshowe Branch - Account			
No. 52 191 090 523			
Bank statement balance at beginning of year		1 011 641	3 949 766
Bank statement balance at end of year		2 085 499	1 011 641
Cash book balance at beginning of year		-1 576 067	3 777 035
Cash book balance at end of year	352	-2 332 964	-1 576 067
Cash on hand			
Petty Cash	350	24 700	26 500
Floats	351	1 440	1 025
		26 140	27 525
		-2 306 824	-1 548 542
16 SERVICE CHARGES			
Sale of electricity	11	-24 474 610	-13 819 879
Refuse removal	20	-4 434 858	-3 677 327
		-28 909 467	-17 497 206
17 ACCUMULATED SURPLUS			
Accumulated surplus (deficit) before transfer from reserves, at the beginning of the year		48 873 097	47 507 787
Operating (deficit) surplus for the year		-3 194 951	-2 511 544
Appropriations for the year :			
Prior year adjustments		-1 511 291	-252 065
Financing of acquisitions ex reserves			4 128 919
Accumulated Surplus/(Deficit) before transfer from reserves, at end of Year		44 166 855	48 873 097
Transfer from Reserves:			
Capital replacement reserve		11 034 327	
Capitalisation reserve		11 645 333	
Government grant reserve		58 996 805	
Donations and public contribution reserve		-	
Accumulated Surplus/(Deficit) at end of Year		125 843 320	48 873 097

In terms of paragraph 144 of GRAP 1, all balances in reserves and trust fund accounts that are not represented by cash, should be transferred to the accumulated surplus/ (deficit) account in the statement of changes in net assets. There is no legislative requirement to maintain such separate fund accounts.


uMLALAZI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009
18 CASH GENERATED BY OPERATIONS

	2009 R	2008 R
(Deficit) surplus for the year (per note 17)	-3 194 951	-2 511 544
Adjustments for		
Previous year's operating transactions	-1 511 291	-252 065
Depreciation	5 602 844	4 865 779
Depreciation recovered from reserves	-2 596 392	-2 785 686
Appropriations charged against income :		
Provisions and reserves - leave	768 097	479 614
Provisions and reserves - bad debts		1 220 589
Surplus on sale of assets	-715 216	-2 716 645
Capital charges :		
Interest paid :		
- on external funds	182 290	97 136
Investment income (operating account)	-1 314 472	-1 469 397
Non-operating income:		
Income credited to Reserves/Provisions	19 910 774	14 570 966
Non-operating expenditure:		
Expenditure charged against Housing Operating Account	-84 473	-14 397
Expenditure charged against provision for bad debts	-	-902 852
Expenditure charged against provision for leave	-601 121	-431 453
Expenditure charged against reserves	-353 856	-627 108

16 092 233
9 522 937
19 (INCREASE) / DECREASE IN WORKING CAPITAL

(Increase) / decrease in inventory	-348 024	2 109
(Increase) / decrease in debtors, long term debtors	-2 826 131	-4 007 133
Increase / (decrease) in creditors	6 678 369	-1 810 678
Increase / (decrease) in unspent conditional grants and receipts	2 048 537	-2 486 838
Increase/(decrease) in consumer deposits	-49 775	3 945

5 502 976
-8 298 595
21 595 209
1 224 342
20 INCREASE / (DECREASE) IN LONG TERM LOANS (EXTERNAL)

Loans raised	715 945	
Loans repaid	-227 574	-331 208

488 371
-331 208
21 (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS

Investments realised	37 208 599	34 932 428
Investments (invested)	-42 031 080	-23 339 317

-4 822 481
11 593 111
22 (INCREASE) / DECREASE IN CASH ON HAND

Cash balance at the beginning of the year	-1 548 542	3 805 080
LESS : Cash balance at the end of the year	-2 306 824	-1 548 542

758 282
5 353 622
23 RETIREMENT BENEFITS

The Municipality's personnel are members of one of the three Natal Joint Municipal Pension Funds i.e (Superannuation, Provident and Retirement). The valuator carries out a statutory valuation on a triennial basis and an interim valuation on an annual basis (the 2006 interim has been completed).

Superannuation

An interim actuarial valuation of the Fund was carried out for the period ending 31 March 2009(31/03/2008) The actuarial value of total assets was more (less) than the actuarial value of liabilities for the service of members to that date and for pensioners by: made up as follows :

4 120 176

6 507 000

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FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
For service to 31 March 2009		
for pensioners - surplus funding level 123.3% (2006: deficit funding level 100.5%)	398 500 000	538 900 000
for members - deficit funding level 98.8% (2006: deficit funding level 85.8%)	-29 900 000	111 800 000
The fund held an Investment Reserve at 31 March 2009	567 000 000	
Conclusion		
The funding level of the Fund decreased from 104.7% to 98.8% (increased from 95% to 104.7%) over the valuation period. The actuary is satisfied that the Fund was fully funded and financially sound on the Discounted Cash Flow method; and The required contribution rate for future service exceeded the contribution rate payable by 1.5% of pensionable salaries. This will be reviewed at the next interim actuarial valuation of the fund at 31 March 2010 when the outcome of a possible merger with the Retirement Fund will be known with more certainty.		
Provident Fund		
The salient features of the Statutory Valuation Report on the fund as at 31 March 2009 were that the net market value of the Fund's assets were not sufficient to fully cover the members' share account and to provide total reserves of The liabilities of the Fund exceeded the assets by a small deficit (or unallocated assets) of which represents 2.42% of assets, is a feature of the smoothed bonus approached followed by the fund and will be met from future investment earnings		
	587 882 000	46 737 000
	13 930 000	3 247 000
Conclusion		
The fund has recouped the deficit by declaring smaller bonuses after the valuation date.		
The Actuary is satisfied that the asset composition of the Fund is appropriate to the nature of the liabilities and the Fund was in a sound financial condition at 31 March 2008		
Retirement Fund		
The salient features of the statutory valuation of the fund at 31 March 2009 are:		
The actuarial value of total assets of the fund was less than the actuarial value of the liabilities for the service of members to that date and for pensioners by:		
Made up as follows:	-80 100 000	25 300 000
For service to 31 March 2009		
for pensioners - funding level 119.1% (2006 : funding level 116.2%) - surplus	134 100 000	195 900 000
for members - funding level 79.5% (2006 : funding level 73.0%) - deficit	-214 200 000	-170 600 000
The fund was thus funded	79.50%	90.20%
The fund did not hold an Investment Reserve.		
With effect from 01 July 2000, local authorities commenced paying a surcharge equal to 2% of pensionable salaries. It was subsequently increased each year and is currently and members pay		
	17.00%	17.00%
	1.65%	1.65%
Based on the valuation assumptions applied in 2000 the shortfall was expected to be fully funded by 2011. During the previous interim valuation the actuary found that the mortality assumption for pensioners was not in line with actual experience and so the assumption was changed. Accordingly, the current surcharge is required to continue for a further two years after 2010 to be fully funded.		
Conclusion		
The actuary is satisfied that the self-insurance arrangement is appropriate for the Fund, the asset composition of the Fund is appropriate to the nature of the liabilities, the contributions being paid to the Fund, including the surcharges are sufficient to meet the shortfall by 30 June 2010 and based on the revised assumptions, which allow for the improving pensioner mortality, an extension of the surcharge for a further two years is necessary		
24 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	70 -35 067 734	-27 813 113
Department of Traditional and Local Government Affairs	71 -3 459 743	-3 031 238
Provincial health subsidies	72 -2 589 168	-2 364 449
Provincial Administration	73 -62 972	-72 170
uThungulu District Municipality	74 -563 941	-
Total Government Grant and Subsidies	-41 743 558	-33 280 970


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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009
Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. Transfer from trust funds (Prior year Equitable Share) All registered indigents receive a monthly subsidy of R 48.80, which is funded from this grant. Savings in 2008 brought forward Transferred to revenue

Unallocated transferred to creditors

Provincial health subsidies

Current year receipts - included in public health vote Conditions met - transferred to revenue

Conditions still to be met - transferred to liabilities

The Municipality renders health services on behalf of the Provincial Government and is refunded as follows:

Surgical sundries	100%
Stores	100%
Equipment	100%
Subsistence and travel, transport and travelling	100%
Miscellaneous	100%
Personnel	100%
Based on sliding scale	
The grant has been used exclusively to fund clinic services.	
The conditions of the grant have not been met.	
There are no delays or withholding of the subsidy.	

Department of Traditional and Local Government Affairs

Current year receipts Conditions met - transferred to revenue

Conditions still to be met - transferred to liabilities

Provincial Administration

Current year receipts Conditions met - transferred to revenue

Conditions still to be met - transferred to liabilities

uThungulu District Municipality

Current year receipts Conditions met - transferred to revenue

Conditions still to be met - transferred to liabilities

25 BULK PURCHASES

Electricity

26 CAPITAL COMMITMENTS

Commitments for capital expenditure Approved but not yet contracted for

This expenditure will be financed from:

Internal sources
External sources
National government
Provincial government
Development Bank of SA

2009 R	2008 R
-36 071 331	-28 118 000
-1 585 887	
-464 870	-159 983
35 067 734	-27 813 113
-3 054 354	-56 091 096
-2 589 168	-2 364 449
2 589 168	2 364 449
-	-
-3 459 743	-3 031 238
3 459 743	3 031 238
-	-
-62 972	-72 170
62 972	72 170
-	-
-563 941	
563 941	
-	-
75 14 814 780	11 652 496
42 544 770	36 510 601
42 544 770	36 510 601
	5 635 404
39 044 770	25 875 197
3 500 000	5 000 000
42 544 770	36 510 601

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

27 EMPLOYEE RELATED COSTS

Remuneration of the Municipal Manager

	2009 R	2008 R
Annual remuneration	866 270	781 128
Performance bonus	133 405	109 358
	999 675	890 486

Remuneration of the Deputy Municipal Manager

Annual remuneration	609 950	550 000
Performance bonus	93 932	77 000
	703 882	627 000

Remuneration of the Manager Corporate Services

Annual remuneration	558 936	341 070
Performance bonus	86 076	
Car / Housing allowances		89 713
Contribution to UIF,Medical and Pension funds		86 671
	645 012	517 454

Remuneration of the Chief Financial Officer

Annual remuneration	609 950	504 000
Performance bonus	93 932	70 560
	703 882	574 560

Remuneration of the Manager : Protection Services

Annual remuneration	558 936	475 000
Performance bonus	0	66 500
	558 936	541 500

Remuneration of the Manager : Community Services

Annual remuneration	558 936	350 155
Performance bonus	86 076	
Car / Housing allowances		121 012
Contribution to UIF,Medical and Pension funds		84 666
	645 012	555 833

Remuneration of the Manager : Engineers Services

Annual remuneration	558 936	475 000
Performance bonus	86 076	66 500
	645 012	541 500



uMLALAZI MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

EMPLOYEE RELATED COSTS

Salaries and allowances
 Contributions to UIF, pensions and medical aids
 Travel, motor car, accommodation, subsistence and other allowances
 Housing benefits and allowances
 Overtime payments
 Performance bonus
 Long service awards
 Protective clothing
 Workmen's' compensation
 Skills development levy

	2009	2008
	R	R
80	25 547 845	23 002 691
81	6 050 971	5 644 052
82	2 278 159	989 643
83	201 477	285 670
84	1 660 979	1 192 976
85	346 175	-
86	241 609	166 574
87	218 836	206 507
88	413 151	-
102	320 324	260 786
	37 279 526	31 748 899

There were no advances to employees

28 OPERATING LEASE PAYMENTS

Council has concluded operating lease agreements with suppliers which are required to be paid in instalments as follows:

In the year ending 30 June 2008
 In the year ending 30 June 2009
 In the year ending 30 June 2010
 In the year ending 30 June 2011
 In the year ending 30 June 2012
 In the year ending 30 June 2013

	228 287
267 938	-

267 938	228 287
----------------	----------------

29 POST RETIREMENT MEDICAL BENEFITS

The Council operates a defined medical aid benefit scheme for the benefit of its permanent employees. Post-retirement medical aid benefits are offered to all employees by subsidising a portion of the Medical aid contribution after retirement.

An actuarial valuation was carried out at 30 June 2009 and the full liability has been raised which relates to retired employees and existing employees. The main assumptions used by the actuary are:

Discount rate per annum	8.66%	8.00%
Health care cost inflation rate	7.49%	6.50%
Net effective discount rate	1.08%	1.41%
Benchmark inflation (equal to salary inflation)	6.37%	6.00%

Accrued liability at 30 June 2009

105	5 892 662	5 134 944
-----	-----------	-----------

Future - service cost
 Interest cost
 Expected benefits payments
 Actuarial Loss(gain)
 Total annual expense

344 372	288 000
503 433	535 000
-156 038	-119 000
-	-
691 767	704 000

Projected accrued liability at 30 June 2010

6 584 429	5 838 944
------------------	------------------

Total Liability
 Current portion of long term liability

105	5 892 662	5 134 944
	-344 372	-288 000

Long term

5 548 290	4 846 944
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R
30 LONG SERVICE AWARDS AND RETIREMENT GIFTS			
<p>The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service and a retirement gift determined by reference to length of service. An actuarial valuation was carried out at 30 June 2009 and the full liability has been raised. The main assumption used by the actuary are:</p>			
Discount rate per annum		8.58%	8.00%
General salary inflation rate (long term)		6.37%	6.00%
Net effective discount rate		2.08%	1.89%
Retirement gift inflation (long term) CPI increases		5.37%	5.00%
Accrued liability at 30 June 2009	106	1 610 233	1 361 354
Future - service cost		192 589	98 632
Interest cost		130 303	135 881
Expected benefits payments		-184 408	-245 396
Actuarial Loss(gain)		-	-
Total annual expense		138 484	-10 883
Projected accrued liability at 30 June 2010		1 748 717	1 350 471
Total Liability	106	1 610 233	1 361 354
Current portion of long term liability		-192 589	-98 632
Long term		1 417 644	1 262 722
31 South African Local Government Association			
Membership	101	140 071	112 763
Bargaining Council	103	12 371	22 323
		152 441	135 086
32 South African Revenue Services			
Paye		4 380 634	3 714 982
Value Added Taxation		-	-
Skills Development Levy		339 223	294 178
		4 719 857	4 009 160
33 Refuse Site Rehabilitation			
Long Term Portion	300	2 998 473	1 760 000
Short Term Portion		-	-
		2 998 473	1 760 000

Provision has been made for the estimated cost of rehabilitating the council's refuse site. The estimated cost has been determined by the council's Manager: Engineering Services.

34 Disclosure of Councillors Arrear Consumer Accounts

Outstanding as at 30 June 2009

	Total	Less Than 90 Days	More than 90 days
Cllr M E T Magwaza	937.28	234.32	702.96
Cllr N S Buthelezi	461.45	454.18	7.27
Cll E Z Jaffe	220.68	220.68	0
Cll D K Palavar	4261.62	456.30	3805.32
Total Outstanding	5881.03	1365.48	4515.55

Outstanding during the year of 2008/2009

	Highest Amount Outstanding	Ageing
Cll D K Palavar	2252.25	180 Days
Cllr M E T Magwaza	702.96	90 Days
Cllr N S Buthelezi	7.27	90 Days
Cll E Z Jaffe	220.68	30 Days
Total Outstanding	3183.16	



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

35.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:
Opening balance

Unauthorised expenditure current year

Approved by the Executive Committee on 3 November 2008 and
at the Adjustment Budget meeting of the Council on 26 January 2009

Transfer to receivables for recovery (Note 7)

Unauthorised expenditure awaiting authorisation

2009
R

2008
R

1 815 119

-1 815 119

-

Incident/s		Disciplinary steps/ criminal proceedings
1. Unauthorised expenditure-Various projects	R 1 491 239.40	Disciplinary action was taken against the employee in question, who has subsequently left the service of the Council
2. Unauthorised expenditure-Roads contract	R 323 879.47	
	<u>R 1 815 118.87</u>	

35.2 Fraudulent revenue loss

Reconciliation of fraudulent revenue loss:

Opening balance:

Theft of cash - Rates Hall

102 191.36

Legal fees

169 100.92

Received from Council's Insurance Brokers - 24/10/2008

Legal fees 20/05/2009

Fraudulent revenue current year

Approved by Council or condoned

Transfer to receivables for recovery - not condoned (Note 7)

271 292

-88 492

3 676

7 652

-194 128

Fraudulent revenue to be condoned or transferred to receivables

-

Incident/s		Disciplinary steps/ criminal proceedings
1. Theft of cash-Rates Hall (2006/2007)	R 102 191.36	Employee resigned
2. Theft of cash-Butcher Street (2008/2009)	R 7 651.58	
	<u>R 109 842.94</u>	

Note on incident 2:

An amount of R5 498.49 was deducted from the employee's last salary in July 2009.

36 PRIOR YEAR COMPARATIVE FIGURE ADJUSTMENTS

In order to maintain comparability, certain expenditure figures disclosed in the audited financial statements for 2007/2008, have been adjusted as follows:

Before

Repairs and maintenance

Contracted services

General expenses

8 443 725

9 554 592

7 225 347

-

28 534 085

25 327 237

44 203 157

34 881 829

After

Repairs and maintenance

Contracted services

General expenses

8 443 725

8 231 110

7 225 347

5 836 747

28 534 085

20 813 972

44 203 157

34 881 829

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Note 37

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

PROPERTY, PLANT AND EQUIPMENT

	Properties	Investment Properties	Infrastructure	Vehicles	Roads	Storm water	Electrical	Toolbox	Total
Reconciliation of carrying value									
Carrying values at 01 July 2008	55 904 817	4 834 302	18 246 975	3 724 039	41 754 692	1 447 409	11 441 462	1 883 038	139 236 734
Cost	59 807 029	4 834 302	21 872 909	8 613 715	51 672 042	1 788 587	14 851 622	8 431 011	171 871 217
Cost Revaluation	59 807 029	4 834 302	21 872 909	8 613 715	51 672 042	1 788 587	14 851 622	8 431 011	171 871 217
Accumulated depreciation	-3 902 212	-	-3 625 934	-4 889 676	-9 917 350	-341 178	-3 410 160	-6 547 973	-32 634 483
Cost Revaluation	-3 902 212	-	-3 625 934	-4 889 676	-9 917 350	-341 178	-3 410 160	-6 547 973	-32 634 483
Acquisitions	4 783 071	-	8 279 223	671 679	9 193 463	39 937	152 061	570 799	23 690 233
Increases/ (decreases) in revaluation	45 962 776	-	-	-	-	-	-	-	45 962 776
Depreciation	-380 120	-	-703 220	-901 055	-2 244 947	-59 034	-549 552	-764 916	-5 602 844
Based on cost	-380 120	-	-703 220	-901 055	-2 244 947	-59 034	-549 552	-764 916	-5 602 844
Based on revaluation	-	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-	-
Cost/ revaluation	-2 698 511	-	-45 248	-1 800	-	-	-	-194 550	-2 940 109
Accumulated depreciation	1 163 834	-	7 940	1 800	-	-	-	192 965	1 366 539
Impairment losses	-	-	-	-	-	-	-	-	-
Fair value adjustment	-	1 096 498	-	-	-	-	-	-	1 096 498
Carrying values at 30 June 2009	104 735 867	5 930 800	25 785 670	3 494 663	48 703 208	1 428 312	11 043 971	1 687 336	202 809 827
	107 854 365	5 930 800	30 106 884	9 283 594	60 865 505	1 828 524	15 003 683	8 807 260	239 680 615
Cost	61 891 589	5 930 800	30 106 884	9 283 594	60 865 505	1 828 524	15 003 683	8 807 260	193 717 839
Revaluation	45 962 776	-	-	-	-	-	-	-	45 962 776
Accumulated depreciation	-3 118 498	-	-4 321 214	-5 788 931	-12 162 297	-400 212	-3 959 712	-7 119 924	-36 870 788
Cost	-3 118 498	-	-4 321 214	-5 788 931	-12 162 297	-400 212	-3 959 712	-7 119 924	-36 870 788
Revaluation	-	-	-	-	-	-	-	-	-
Carrying values at 30 June 2009	104 735 867	5 930 800	25 785 670	3 494 663	48 703 208	1 428 312	11 043 971	1 687 336	202 809 827



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Note 37 (Continued)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

PROPERTY, PLANT AND EQUIPMENT

	Properties	Investment Properties	Infrastructure	Vehicles	Roads	Storm water	Electrical	Toolbox	Total
Reconciliation of carrying value									
Carrying values at 01 July 2007	62 016 320	-	13 762 392	4 093 897	25 154 834	1 319 914	11 190 160	2 028 909	119 566 426
Cost	65 625 655	-	16 802 308	8 125 513	33 483 269	1 606 317	14 098 036	8 678 343	148 419 441
Cost	65 625 655		16 802 308	8 125 513	33 483 269	1 606 317	14 098 036	8 678 343	148 419 441
Revaluation									-
Accumulated depreciation	-3 609 335	-	-3 039 916	-4 031 616	-8 328 435	-286 403	-2 907 876	-6 649 434	-28 853 015
Cost	-3 609 335		-3 039 916	-4 031 616	-8 328 435	-286 403	-2 907 876	-6 649 434	-28 853 015
Revaluation									-
Acquisitions			5 086 564	535 748	18 188 774	182 271	753 586	753 726	25 500 669
Increases/ (decreases) in revaluation									-
Transfer to investment properties	-4 834 302	4 834 302							-
Depreciation	-420 150	-	-586 319	-905 605	-1 588 915	-54 776	-502 284	-807 730	-4 865 779
Based on cost	-420 150		-586 319	-905 605	-1 588 915	-54 776	-502 284	-807 730	-4 865 779
Based on revaluation									-
Carrying value of disposals									
Cost/ revaluation	-984 323		-15 963	-47 546				-1 001 058	-2 048 890
Accumulated depreciation	127 273		302	47 546				909 191	1 084 312
Impairment losses									-
Other movements									-
Carrying values at 30 June 2008	55 904 818	4 834 302	18 246 975	3 724 040	41 754 693	1 447 409	11 441 462	1 883 038	139 236 737
	59 807 030	4 834 302	21 872 909	8 613 715	51 672 043	1 788 588	14 851 622	8 431 011	171 871 220
Cost	59 807 030	4 834 302	21 872 909	8 613 715	51 672 043	1 788 588	14 851 622	8 431 011	171 871 220
Revaluation	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-3 902 212	-	-3 625 933	-4 889 675	-9 917 350	-341 179	-3 410 160	-6 547 973	-32 634 482
Cost	-3 902 212	-	-3 625 933	-4 889 675	-9 917 350	-341 179	-3 410 160	-6 547 973	-32 634 482
Revaluation	-	-	-	-	-	-	-	-	-
Carrying values at 30 June 2008	55 904 818	4 834 302	18 246 975	3 724 040	41 754 693	1 447 409	11 441 462	1 883 038	139 236 737

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uMLALAZI MUNICIPALITY

Note 38

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

GOVERNMENT GRANTS AND SUBSIDIES

		Balance unspent at 30/06/2009	Received during 2009	Interest earned 2009	Conditions met transferred to revenue	Balance unspent at 30/06/2008	Received during 2 008	Interest earned 2 008	Conditions met transferred to revenue	Balance unspent at 30/06/2007
GR		R	R	R	R	R	R	R	R	R
DPLGA										
Programme support	1	-				-			-3 575	3 575
PMS Human Resources	5	2 212			-15 870	18 082			-3 513	21 595
Capacity Building : GIS	6	-				-			-4 202	4 202
Capacity Building : GIS	6	-				-	50 000		-50 000	-
Development Administrator	7	-				-			-116 000	116 000
Development Administrator	10	-				-			-4 095	4 095
Capacity Building : MDPCR	11	-			-56 493	56 493	70 000		-70 000	56 493
Anti Corruption	14	-			-12 360	12 360			-35 093	47 453
Workers Programme	16	-				-			-10 122	10 122
Municipal Development Infrastructure	17	-			-76 217	76 217		7 717	-31 500	100 000
L U M S - Mtunzini	18	-				-			-40 000	40 000
Municipal Finance Management Act	24	-				-			-5 769	5 769
L U M S - Spatial	32	-			-14 656	14 656			-61 784	76 440
L U M S - Ward 17	33	-				-			-135 000	135 000
I D P Review & Amendment	37	-			-100 000	100 000	50 000			50 000
L U M S - Development	38	-				-			-160 000	160 000
M A P	39	-				-			-179 295	179 295
Internal Control Units	40	-				-			-155 642	155 642
Organisational Structure	41	-				-			-109 753	109 753
Public Participation	42	-			-9 740	9 740		4 225	-58 732	64 247
Municipal Infrastructure - M I I P	46	-			-221 185	221 185		18 704		202 481
Integration with R E D S	47	-			-178 801	178 801		15 120		163 681
Ging TL C - Systems Improvement		-			-5 438	5 438			-6 432	11 870
Ging TL C - I D P Switchboard		-				-			-21 987	21 987
		2 212	-	-	-690 760	692 972	170 000	45 766	-1 262 494	1 739 700
NATIONAL TREASURY										
M S I G	15	246 463	735 000	73 713	-794 729	232 479	734 000	26 972	-1 089 502	561 009
M S I G	15	-				-				-
Project Consolidate - Housing Unit	19	-			-333 739	333 739		34 577	-105 983	405 145
Project Consolidate - Landfill Site	20	-			-164 542	164 542		30 690		133 852
Budget Reform	34	-				-			-97 192	97 192
M I G (Includes GR 52 : UDM)	35	6 748 097	17 648 031	323 227	-12 128 413	905 252	11 248 098	271 263	-13 646 862	3 032 753
Financial Management Grant	44	226 789	500 000	59 326	-868 784	536 247	500 000	58 202	-515 070	493 115
KDS Bus Route - Project Consolidate	45	275 577			-2 426 492	2 702 069	2 000 000	221 039	-993 286	1 474 316
		7 496 926	18 883 031	456 266	-16 716 699	4 874 328	14 482 098	642 743	-16 447 895	6 197 382
DEPARTMENT OF HOUSING										
Housing Plan	27	-			-14 400	14 400			-28 170	42 570
Sunnydale Low Cost Housing	51	-	6 214 438		-6 214 438	-				
		-	6 214 438	-	-6 228 838	14 400	-	-	-28 170	42 570
DEPARTMENT : SPORT & RECREATION										
KDS Sport Field	48	132 114	1 300 000		-1 167 886	-				
		132 114	1 300 000	-	-1 167 886	-	-	-	-	-
DEPARTMENT : ART & CULTURAL										
KDS Library	50	-	-	-	-	-	-	-	-	-
UDM										
Capacity Building	30	106 651	50 000		-51 015	107 666		13 009	-89 811	184 468
Gingindlovu Fire Station (See Gr 35)	52	-				-				-
		106 651	50 000	-	-51 015	107 666	-	13 009	-89 811	184 468
		7 737 903	26 447 469	456 266	-24 855 198	5 689 366	14 652 098	701 518	-17 828 370	8 164 120



APPENDIX A
uMLALAZI MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2009

EXTERNAL LOANS	Loan	Interest rate	Maturity date	Balance at 30/06/2008 R	Received during the Period R	Redeemed written off during the period R	Balance 30/06/2009 R	Carrying Value of Property Plant & Equipment R	Other Costs in Accordance with the MFMA R
Amnuty Loans									
Uthungulu District Municipality	Sub station	15.75%		161 249		161 249	-		
ABSA Bank Ltd	High Tension Ring	18.08%		119 926		54 600	65 326		
ABSA Bank Ltd	Staff housing	18.08%		17 961		8 050	9 911		
ABSA Bank Ltd	Roads and streets	18.08%		7 926		3 675	4 251		
DBSA	Industrial Area	12.42%			715 945		715 945		
TOTAL EXTERNAL LOANS				307 062	715 945	227 574	795 433		

APPENDIX B uMLALAZI MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2009

	Cost / Revaluation			Fair Value Adjustment			Disposals			Closing Balance			Accumulated Depreciation			Carrying Value		
	Additions			Revaluation			Disposals			Balance			Disposals			Value		
	Opening Balance 30/06/2008	2008/2009	R	2008/2009	R	2008/2009	2008/2009	R	2008/2009	2008/2009	R	2008/2009	2008/2009	R	2008/2009	2008/2009	R	2008/2009
Properties	59 807 029	4 783 071		45 962 776			-2 698 511			107 854 365			-380 120	1 163 834	-3 118 498	104 735 867		55 904 817
Investment properties	4 834 302					1 096 498				5 930 800					-	5 930 800		4 834 302
Infrastructure	21 872 909	8 279 223					-45 248			30 106 884			-703 220	7 940	-4 321 214	25 785 670		18 246 975
Vehicles	8 613 715	671 679					-1 800			9 283 594			-901 055	1 800	-5 788 931	3 494 663		3 724 039
Roads	51 672 042	9 193 463								60 865 505			-2 244 947		-12 162 297	48 703 208		41 754 692
Storm water	1 788 587	39 937								1 828 524			-59 034		-400 212	1 428 312		1 447 409
Electrical	14 851 622	152 061								15 003 683			-549 552		-3 959 712	11 043 971		11 441 462
Toolbox	8 431 011	570 799					-194 550			8 807 260			-764 916	192 965	-7 119 924	1 687 336		1 883 038
	171 871 217	23 690 233		45 962 776		1 096 498	-2 940 109			239 680 615			-5 602 844	1 366 539	-36 870 788	202 809 827		139 236 734



APPENDIX C
uMLALAZI MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Cost / Revaluation			Fair Value			Accumulated Depreciation			Carrying		
	Opening Balance 30/06/2008	Additions	Revaluation	Adjustment	Disposals	Closing Balance 30/06/2009	Opening Balance 30/06/2008	Additions	Disposals	Closing Balance 30/06/2009	Value 30/06/2008	Value 30/06/2007
	R	R	R	R	R	R	R	R	R	R	R	R
Council General	71 723 895	174 090	45 962 776	1 096 498	-2 807 803	116 149 457	-5 911 859	-740 502	1 272 294	-5 380 066	110 769 391	65 812 036
Municipal Manager	296 331	11 570				307 901	-121 476	-24 959		-146 435	161 466	174 855
Town planning and building control	435 253	8 900				444 153	-353 249	-26 189		-379 438	64 714	82 004
Housing service administration	1 200 235	-			-45 248	1 154 987	-370 508	-38 301	7 940	-400 869	754 118	829 727
Council administration and political												
secretariat	1 762 655	33 401				1 796 056	-533 847	-143 381		-677 228	1 118 828	1 228 808
Museum	172 420	49 880			-1 327	220 973	-76 122	-12 684	742	-88 064	132 909	96 298
Libraries	3 596 863	4 854 795			-24 306	8 427 353	-915 660	-129 931	24 136	-1 021 455	7 405 897	2 681 203
Town hall	3 957 968	538 071			-56 006	4 440 033	-1 042 884	-177 746	56 006	-1 164 624	3 275 409	2 915 084
Refuse	4 264 909	1 263 973				5 528 882	-1 131 843	-192 080		-1 323 923	4 204 959	3 133 066
Health	177 921					177 921	-142 189	-12 264		-154 453	23 468	35 732
Swimming pool	480 037					480 037	-307 673	-29 385		-337 058	142 979	172 364
Clinic	1 165 962					1 165 962	-489 290	-55 353		-544 643	621 319	676 672
Parks, gardens and estates	1 117 787	4 123 995				5 241 782	-804 039	-134 350		-938 389	4 303 394	313 748
Protection services	4 943 326	1 568 348				6 511 674	-2 362 058	-472 511		-2 834 569	3 677 105	2 581 268
Engineers administration	214 908	16 830				231 738	-83 111	-15 889		-99 000	132 738	131 797
Cemeteries	1 103 262	177 767				1 281 029	-14 466	-1 659		-16 125	1 264 904	1 088 796
Airport	14 151	-				14 151	-3 666	-183		-3 849	10 302	10 485
Chief Financial Officer	3 422 342	203 644			-3 620	3 622 366	-1 792 976	-175 843	3 620	-1 965 199	1 657 167	1 629 366
Roads												
Stores	247 968	86 218				334 186	-223 679	-5 106		-228 785	105 401	24 289
Electricity administration	16 131 446	176 838				16 308 284	-4 538 562	-671 249		-5 209 811	11 098 474	11 592 884
Workshops	290 820	4 299				295 119	-184 695	-23 326		-208 021	87 098	106 125
Public works	55 150 761	10 397 613			-1 800	65 546 574	-11 230 630	-2 519 952	1 800	-13 748 782	51 797 792	43 920 131
	171 871 219	23 690 233	45 962 776	1 096 498	-2 940 110	239 680 617	-32 634 482	-5 602 845	1 366 539	-36 870 788	202 809 829	139 236 737

Annual Report 2008/2009

APPENDIX D

uMLALAZI MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

		2009 Actual Income	2009 Actual Expenditure	2009 (Surplus)/ Deficit
		R	R	R
Council General	13	-56 841 410	34 254 020	-22 587 390
Municipal Manager	14	-	2 066 104	2 066 104
Town Planning and Building Control	15	-	363 841	363 841
Housing Service Administration	16	-3 657 061	3 632 895	-24 167
Council Administration and Political Secretariat	17	-125 787	2 618 897	2 493 110
Museum	18	-62 972	373 123	310 151
Libraries	19	-16 315	863 183	846 868
Town Hall	20	-	994 085	994 085
Refuse	21	-5 516 432	7 156 737	1 640 305
Health	22	-2 463 391	3 626 022	1 162 631
Swimming Pool	23	-	574 946	574 946
Clinic	24	-2 589 168	2 648 018	58 850
Parks, Gardens and Estates	25	-1 725 771	6 111 879	4 386 108
Protection Services	26	-5 537 496	10 442 085	4 904 589
Engineer's Administration	27	-364 410	1 338 697	974 287
Cemeteries	28	-120 702	151 843	31 141
Airport	29	-	13 880	13 880
Chief Financial Officer	30	-1 814 749	4 333 297	2 518 548
Roads	31	-3 259 134	6 333 058	3 073 924
Stores	32	-	376 576	376 576
Electricity Administration	33	-26 404 132	25 094 610	-1 309 522
Workshops	34	-	324 345	324 345
Public Works	35	-	-	-
Total		-110 498 931	113 692 141	3 193 210

2008 Actual Income	2008 Actual Expenditure	2008 (Surplus)/ Deficit
R	R	R
-50 697 157	33 148 287	-17 548 870
-	2 968 691	2 968 691
-	398 173	398 173
-191 527	113 343	-78 184
-76 929	2 418 803	2 341 874
-72 000	332 128	260 128
-15 452	745 209	729 757
-	972 785	972 785
-4 427 327	5 918 553	1 491 226
-1 562 656	2 213 338	650 682
-	687 899	687 899
-2 364 449	2 621 152	256 703
-2 844 249	6 099 178	3 254 929
-2 751 057	6 555 191	3 804 134
-328 471	729 201	400 730
-130 301	146 277	15 976
-	-	-
-1 432 462	4 866 115	3 433 653
-3 493 401	5 920 579	2 427 178
-	284 640	284 640
-20 993 276	16 421 895	-4 571 381
-	312 817	312 817
-	-	-
-91 380 714	93 874 254	2 493 540



APPENDIX E (1)

uMLALAZI MUNICIPALITY

ACTUAL COMPARED WITH BUDGETED REVENUE AND EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2009

		Actual 2009	Budget 2009	Variance 2009	Variance 2009	Explanation of significant Variance greater than 10% versus Budget
		R	R	R	%	
REVENUE						
Property rates	1	-26 431 238	-32 650 848	6 219 610	-19.05%	No revenue from rural trust land and PSI
Property rates- penalties imposed	2	-919 659	-998 427	78 768	-7.89%	
Service charges	3	-28 909 467	-30 155 778	1 246 311	-4.13%	
Rental of facilities and equipment	4	-1 152 801	-1 264 811	112 010	-8.86%	
Interest earned- external investments	5	-565 486	-1 338 800	773 314	-57.76%	Less funds available for investment and drop in interest rate
Interest earned- outstanding debtors	6	0	0	0	0.00%	
Fines	7	-2 473 284	-2 527 018	53 734	-2.13%	
Licences and permits	8	-2 130 377	-1 846 841	-283 536	15.35%	More registration of vehicle licences
Government grants and subsidies	9	-41 743 558	-42 763 299	1 019 741	-2.38%	
Other income	10	-1 764 954	-1 448 765	-316 189	21.82%	More sundry income received
Gains on disposal of property, plant and equipment	12	-715 216	-2 725 000	2 009 784	-73.75%	Chalet Park cost not taken into account
Depreciation recovered from reserves	37	-2 596 393	-2 785 963	189 570	-6.80%	
Investment Properties - Fair value adjustment		-1 096 498				
Total Revenue		-110 498 931	-120 505 550	11 103 117	-9.21%	
EXPENDITURE						
Council General	13	34 254 020	36 515 518	-2 261 498	-6.19%	
Municipal Manager	14	2 066 104	2 258 617	-192 513	-8.52%	
Town Planning and Building Control	15	363 841	386 303	-22 462	-5.81%	
Housing Service Administration	16	3 632 895	4 022 985	-390 090	-9.70%	
Council Administration and Political Secretariat	17	2 618 897	2 937 539	-318 642	-10.85%	Job evaluation not implemented
Museum	18	373 123	458 294	-85 171	-18.58%	Job evaluation not implemented and repairs not done on buildings
Libraries	19	863 183	924 528	-61 345	-6.64%	
Town Hall	20	994 085	1 079 820	-85 735	-7.94%	
Refuse	21	7 156 737	7 228 962	-72 225	-1.00%	
Health	22	3 626 022	3 859 766	-233 744	-6.06%	
Swimming Pool	23	574 946	851 458	-276 512	-32.48%	Water consumption less - swimming pool closed earlier
Clinic	24	2 648 018	2 943 514	-295 496	-10.04%	Purchases less than budget
Parks, Gardens and Estates	25	6 111 879	5 822 287	289 592	4.97%	
Protection Services	26	10 442 085	11 081 734	-639 649	-5.77%	
Engineer's Administration	27	1 338 697	1 659 560	-320 863	-19.33%	Less PMU cost than expected
Cemeteries	28	151 843	185 280	-33 437	-18.05%	Cost less than expected
Airport	29	13 880	14 731	-851	0.00%	
Chief Financial Officer	30	4 333 297	4 570 762	-237 465	-5.20%	
Roads	31	6 333 058	6 823 040	-489 982	-7.18%	
Stores	32	376 576	389 507	-12 931	-3.32%	
Electricity Administration & Distribution	33	25 094 610	25 714 600	-619 990	-2.41%	
Workshops	34	324 345	335 978	-11 633	-3.46%	
Public Works	35	-	-	-	0.00%	
Total Expenditure		113 692 141	120 064 783	-6 372 642	-5.31%	
NET (SURPLUS)/ DEFICIT FOR THE YEAR		3 193 210	-440 767	4 730 475		

APPENDIX E (2)

uMLALAZI MUNICIPALITY

ACTUAL VERSUS BUDGET - ACQUISITION OF PROPERTY PLANT AND EQUIPMENT

FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance	Explanation of Significant Variances Greater than 10% versus Budget
	R	R	R	R	R	%	
Council General	174 090		174 090	178 633	4 543	2.54	
Municipal Manager	11 570		11 570	19 000	7 430	39.11	Actual purchases lower than budget
Town Planning and Building Control	8 900		8 900	256 500	247 600	96.53	Printer/Scanner not purchased
Housing Service Administration				-	-		
Council Administration and Political Secretariat	33 401		33 401	70 000	36 599	52.28	Expenditure curtailed because of availability of funds
Museum	49 880		49 880	100 000	50 120	50.12	Actual purchases lower than budget
Libraries	4 854 795		4 854 795	6 020 000	1 165 205	19.36	KDS library not completed
Town Hall	538 071		538 071	929 507	391 436	42.11	Expenditure curtailed because of availability of funds
Refuse	1 263 973		1 263 973	473 500	-790 473	-166.94	Refuse tractor postponed-tenders to high and
Health	-		-	-	-		refuse site rehabilitation (R1 238 473)
Swimming Pool	-		-	-	-		
Clinic	-		-	-	-		
Parks, Gardens and Estates	4 123 995		4 123 995	4 523 991	399 996	8.84	
Protection Services	1 568 348		1 568 348	2 209 480	641 132	29.02	Fire Tender on order - not delivered yet
Engineer's Administration	16 830		16 830	30 000	13 170	43.90	Expenditure curtailed because of availability of funds
Cemeteries	177 767		177 767	284 453	106 686	37.51	Expenditure curtailed because of availability of funds
Airport	-		-	-	-		
Chief Financial Officer	203 644		203 644	251 000	47 356	18.87	Expenditure curtailed because of availability of funds
Roads				-	-		
Stores	86 218		86 218	110 000	23 782	21.62	Expenditure curtailed because of availability of funds
Electricity Administration	176 838		176 838	195 000	18 162	9.31	
Workshops	4 299		4 299	5 000	701	14.02	Expenditure curtailed because of availability of funds
Public Works	10 397 614		10 397 614	12 438 056	2 040 442	16.40	MIG funded roads not completed yet
	23 690 233	-	23 690 233	28 094 120	4 403 887	15.68	



APPENDIX F
uMLALAZI MUNICIPALITY

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
FOR THE YEAR ENDED 30 JUNE 2009

Grants and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance	
		April to June 2008	July to Sept 2008	Oct to Dec 2008	Jan to Mar 2009	April to June 2009	July to Sept 2008	Oct to Dec 2008	Jan to Mar 2009					April to June 2009
DPLGA PMS Human Resources Capacity Building : MDPGR Anti Corruption Workers Programme Municipal Development Infrastructure L U M S - Spatial I D P Review & Amendment M A P Public Participation Municipal Infrastructure - M I I P Integration with REDS Equitable Share : Summary Rate Housing	5					15 870.00	3 782.50	52 710.05		NO	N/A	YES	N/A	
	11					4 026.00	12 360.07			NO	N/A	YES	N/A	
	14									NO	N/A	YES	N/A	
	16					23 783.26				NO	N/A	YES	N/A	
	32					31 783.70				NO	N/A	YES	N/A	
	37									NO	N/A	YES	N/A	
	39							100 000.00		NO	N/A	YES	N/A	
	42		13775.86				3 420.00			NO	N/A	YES	N/A	
	46	18704.37					160 000.00			NO	N/A	YES	N/A	
	47	15120.21	4 500 000				149 980.68			NO	N/A	YES	N/A	
NATIONAL TREASURY MSG: 2007/2008 MSG: 2009/2009 Project Consolidate - Housing Unit Project Consolidate - Landfill Site M I G Financial Management Grant : 06/07 Financial Management Grant : 07/08 Financial Management Grant : 08/09 Project Consolidate - KDS Bus Route	15					61 140	27 039	41 384	9 580	NO	N/A	YES	N/A	
	19		34576.61			21 000	100 350	233 388	71 178	NO	N/A	YES	N/A	
	20		30890.16					2 135	0	NO	N/A	YES	N/A	
	35		1 400 000	6 000 000	4 507 000	5 022 079	1 705 262	2 198 662	75 957	NO	N/A	YES	N/A	
	44					87 103	24 330	31 691	1 941 883	NO	N/A	YES	N/A	
	44					20 000	80 000	107 875	64 998	NO	N/A	YES	N/A	
	44			500 000	500 000					NO	N/A	YES	N/A	
	45	221039.34					2 381 346	-119 265	164 412	NO	N/A	YES	N/A	
	DEP OF HOUSING Summary Rate Low Cost	51				921 590	5 292 848			921 590	NO	N/A	YES	N/A
			333 907	5 900 000	6 500 000	5 928 590	5 292 848	5 286 786	4 647 870	3 007 810	3 275 855			
DEP OF SPORTS & RECREATION KDS SPORTS FIELD	48		325 000.00	325 000.00	650 000.00			905 992.47	302 403.44	NO	N/A	YES	N/A	
DEP OF ARTS & CULTURAL KDS LIBRARY	50		416 548.42	1 982 617.72	1 657 394.13	1 457 956	385 393.35	1 073 464.35	1 354 722.47	NO	N/A	YES	N/A	
UDM Capacity Building GING : Fire Station	30			551 031.00			12 825.00	13 635.00	15 756.00	NO	N/A	YES	N/A	
	52									NO	N/A	YES	N/A	
		50 000	741 548	2 856 649	2 307 394	1 457 956	-	378 018	1 993 092					
		383 907	6 641 548	9 358 649	8 235 984	6 750 804	5 286 786	5 025 888	5 000 902	4 948 737				
TOTAL OF ALL GRANTS														

9. RESPONSES TO THE ISSUES RAISED BY THE AUDITOR-GENERAL IN HIS AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2009

PAR	ISSUE	RESPONSE
9	Unaudited supplementary schedules	Noted
10	Non-compliance with applicable legislation	Steps have been taken to regularise the meetings of the Audit Committee so as to comply with legislation
12	Key governance responsibilities 12.2 Quality of financial statements and related management information	Material amendments to the statements gave effect to interpretations of new accounting standards introduced during the year
12 and 20	Issues relating to the reporting of performance information and Non-compliance with regulatory requirements	<p>Compliance with the provisions of the regulations set out in GNR 796 of 24 August 2001 has been protracted and arduous. The lack of skills in performance management and guidelines for the implementation of an appropriate performance management system has exacerbated the lack of the accumulation of data needed for the compilation of the various reports required to be presented.</p> <p>It is also necessary to place on record that there is a lack of backlog data against which service delivery statistics can be measured. Accordingly, management's attention and focus will initially be directed to this aspect so as to provide the benchmarks for measuring the achievement in performance.</p> <p>Furthermore, it is submitted that recognition should be given to the progress that the municipality has made since 2001 in delivering an Integrated Development Plan (I D P) which is relevant and has been presented to and accepted by all stakeholders, notwithstanding the weaknesses recorded by audit. The presentation of the 2010/2011 IDP will be upgraded to recognise the weaknesses highlighted by audit.</p> <p>As a consequence, the comments expressed by audit are accepted and remedial steps will be taken to ensure that the municipality is fully compliant with the requirements by 30 June 2010.</p>
14	Investigation	Noted



10. REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2009

Audit Committee and attendance

The audit committee comprises of three independent, external and suitably experienced members and operates in terms of the approved audit committee charter and the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA).

The committee records with regret the untimely demise of Advocate Mtshali who served on the audit committee since its inception.

Audit Committee responsibilities

The committee has complied with its responsibilities as outlined in section 166 (2) of the MFMA and has also complied with its responsibilities set out in its Council approved terms of reference and has discharged all its responsibilities to Council contained therein to the best of its ability, taking into consideration that only two meetings were for various reasons held during the year.

The Municipality's system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the MFMA and the King II Report on Corporate Governance requirements, Internal Audit and the Auditor-General's Report provide the Audit Committee and management with assurance that the internal controls of the Municipality are appropriate and effective. This is achieved by means of a risk review process, testing of controls, as well as the identification of corrective actions and suggested enhancements to controls and processes. From the various reports of the Internal Auditor, the audit report on the Annual Financial Statements and the management letter of the Auditor-General, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported.

Review of the Annual Financial Statements

The Audit Committee has reviewed:

- and discussed with the Auditor-General and the Accounting Officer the audited Annual Financial Statements to be included in the Annual Report;
- the Auditor-General's management letter and management's responses; and
- the accounting policies and practices.

The committee has noted the unqualified opinion expressed by the Auditor-General in his report on the Annual Financial Statements and commends management on this achievement. The committee concurred with and accepted the Auditor-General's conclusions and recommended that the audited Annual Financial Statements be adopted by the Council of the Municipality

Chairperson